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# **SAN FRANCISCO AIRPORTS COMMISSION**



## **MINUTES**

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**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

President

**WILLIAM K. COBLENTZ**

Vice-President

**DR. Z.L. GOOSBY**

**J. EDWARD FLEISHELL**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

January 7, 1986

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MINUTES  
of the  
AIRPORTS COMMISSION

January 7, 1986

A. CALL TO ORDER:

The meeting of the regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Z.L. Goosby J. Edward Fleishell Athena Tsougarakis
Absent:	Morris Bernstein, President William K. Coblentz, Vice President

\* \* \*

C. ANNOUNCEMENT BY SECRETARY:

In accordance with section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 85-0369 regarding the settlement of a litigated claim, and, 85-0370 modifying the agreement with Morrison and Foerster to include the rendering of advice and handling of litigation concerning noise control regulations at the closed session of December 17, 1985.

\* \* \*

Discussion of item #1 was held over to the end of the meeting.

\* \* \*

Mr. Lou Turpen, Airport Director, told the Commission that at 6:00 AM this morning an Arco tanker truck carrying about 80 to 100 gallons of fuel hit the divider going southbound on highway 101, rupturing the tanks and spilling fuel onto the highway. He said that the fuel was ignited by some other source, possibly on-coming cars. As a result of the accident and fire highway 101 has been shut-down in both directions since that time. He explained that this has caused a tremendous traffic jam reaching as far





South on 101 as highway 92; highway 380 is also closed to the Airport. He said that some flights have gotten out, specifically, those flights where crews were in hotels overnight in the vicinity of the Airport. He said that it is expected that there will be a lot of flight delays. He said that all of the Airport's nighttime employees have been held over; day shift employees are starting to trickle in, but it's a long, difficult access into the Airport. Mr. Turpen said that North-bound 101 should open up within the hour, but South-bound 101 is not expected to open up until noon or later as the roadway is going to have to be resurfaced.

\* \* \*

#### D. DIRECTOR'S REPORTS:

##### 2. Rules and Regulations on Recirculating Traffic

A summary of comments resulting from the December 3, 1985 public hearing on the proposed amendment to the Airports Commission's Rules and Regulations relating to recirculating traffic is presented. The item is not being presented for adoption at this time.

Mr. Turpen said that staff was recommending at this time that the Commission not act on the results of the December 3, 1985 public hearing until such time as the Airport's landside transportation plan has been thoroughly reviewed. He said that several of our non-permitted operators have agreed to voluntarily curtail their use of the Airport roadways most, specifically with respect to recirculating traffic. In view of this, staff would like the opportunity to take a look at it over a period of 60 days and return to the Commission with a comprehensive package which would not only address this problem but might include certain rules on recirculating traffic. He added that at this point he would like to see what a voluntary effort will get us.

##### 3. Report on Revision of Rules and Regulations Governing Ground Transportation.

Report setting forth proposed revisions of Rules and Regulations governing ground transportation to be submitted for consideration by the Airports Commission at its January 21, 1986 meeting.

Mr. Turpen said that the Airport is presently looking at some new rules and regulations for ground transportation. The memorandum to the Commission specifically outlines some of the things that we will be considering and presenting to the Commission. He said that one will be a requirement that all ground transportation operators at the Airport have an operating permit. He said that this permit would include a restriction on headways; a requirement that all prearranged pickups be evidenced by a waybill in possession of the driver; that a fee be paid to the Airport and would set forth specific penalties for violation of permit and rule requirements including suspension and revocation of permission to operate at the Airport. Mr. Turpen said that these are generic categories of items that we will be considering in the next 60 days as we evaluate our voluntary effort of persons to control some of the vehicular traffic on a non-permitted basis. He said that he intends to return to the Commission,



most likely with a Director's Report, within the next 60 days followed by a public hearing and then an appropriate amendment of the rules and regulations.

Commissioner Goosby asked if the report will include a brief survey of how Los Angeles and some of the other airports are handling ground transportation.

Mr. Turpen responded that that information could be included, however, at this point, Los Angeles, San Diego, Denver, and Chicago have come to this Airport to see how we handle it. He said that they've had a lot less success than we've had in controlling ground transportation at their facilities.

#### 4. Supplemental Noise Regulation to Resolution 78-0131

Mr. Turpen said that in 1978 the Airports Commission adopted Resolution 78-0131, the Airports Noise Abatement Resolution. That resolution formed a basis for our noise mitigation efforts and the Airport's noise plan. He said that the Federal Aviation Administration is currently conducting hearings to consider various changes to its noise certification regulations. The FAA is promoting a program which is designed to reduce from operation those noisier aircraft. Mr. Turpen felt that Airport staff should be looking at, and recommending to the Commission, a supplemental noise regulation which would go hand in hand with regulation 78-0131 and look to the future in terms of further reductions in aircraft-generated noise.

Mr. Turpen said that this report simply identifies for the Commission early on that we will be looking at three specific things: 1) establishing a future date for a total ban on the operation of Stage 2, Part 36 aircraft at San Francisco International; 2) a reduction of Stage 2 operations during the night time hours presently, 2:00 AM to 5:00 AM, and gradually increasing this prohibition from 10:00 PM to 7 AM, as defined by the California Airport Noise Standard; and, 3) establishing a date after which the entry of any new type Stage 2 certificated carrier would be prohibited.

Mr. Turpen said he will return to the Commission with thoughts on this. He said it is important for the Commission to solicit testimony as to the impact this might have on the airline community operating at the Airport. Mr. Turpen said he intends to return to the Commission in February with a basic draft regulation for the Commission's review. A public hearing on this subject will be scheduled in February or March.

Commissioner Goosby asked if the 707 fell under this category.

Mr. Turpen responded that the Q707 is presently prohibited from operating at SFO under existing Airport's Commission resolution 78-0131.

\* \* \*

#### F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said, with regard to the report on the unauthorized discharge of firearms, that the man confessed and he did not understand what we are investigating?

Commissioner Tsougarakis commented that the Fire Department is conducting an investigation.



Commissioner Fleishell asked if the Airport had a rule or law prohibiting this sort of activity on the Airport. If we do, has the man been charged; and if he has not, why not?

Mr. Turpen responded that the matter is in the hands of the San Mateo District Attorney.

Commissioner Fleishell said that the cover letter does not indicate that, nor does the file.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

5. Resolution Rescinding Previously Adopted Airports Commission Resolution Nos. 85-0331 and 85-0352

No. 86-0001

Resolution rescinding Airports Commission Resolution 85-0331 which awarded a long-term ground lease of Plot 50A to The Flying Tiger Line, Inc. and further rescinding Airports Commission Resolution No. 85-0352 which authorized Tax-Exempt Bond Financing for the development of said parcel.

6. Professional Services Agreement - Steve Gregory - \$20,000.00

No. 86-0002

Resolution approving and authorizing agreement with Steve Gregory for professional services at a cost not to exceed \$20,000.00.

Mr. Turpen explained that this relates to the computerized parking control system and to the parking control contract with Autoscan. He said that Autoscan breached the contract and the issue is now a matter of litigation. Mr. Turpen said it is important to retain Mr. Gregory's services as a consultant to the Airport to assist in reconstructing the events leading up to the breach.

Commissioner Fleishell said that the agreement does not show how he is to be paid. He asked if Mr. Gregory will be paid by the hour, or by the result.

Mr. Don Garibaldi, Airports General Counsel, responded that Mr. Gregory will be paid by the hour.

Commissioner Fleishell said it was not included the information he had.

Mr. Garibaldi responded that it is in the contract and the contract is attached. The rate is \$50.00 an hour, not to exceed \$20,000.00.

\* \* \*



H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

7. Retirement Resolution:  
James J. Walsh, Jr.

No. 86-0003

8. Modification to Agreement with Grieg W. Harvey - \$4,500.00

No. 86-0004

Resolution to approve Modification No. 1 to agreement with Grieg W. Harvey to increase fees payable by \$4,500.00 to a total sum of \$12,500.00.

9. Completion of Professional Services Agreement with Villalobos and Associates

No. 86-0005

Resolution accepting the corrosion survey under Professional Services Agreement with Villalobos and Associates, Controller's No. CT82013, as satisfactorily completed.

10. Resolution Approving the Schematic Design for the Sunglass Kiosk in the North Terminal Hub

No. 86-0006

Resolution approving the schematic design and authorizing the construction of the Sunglass Kiosk in the North Terminal Hub.

11. Liability Insurance Rate Adjustment:  
Shuttle Bus Service

No. 86-0007

Annual rate adjustments to the shuttle Bus Service Agreement for cost increases due to liability insurance coverage as required by the contract.

12. Host Rental Credit - Utility Installation South Terminal Rotunda

No. 86-0008

Resolution approving rent credit to Host in the amount of \$3,351.24 for costs incurred to provide electrical and telephone service to merchandize space in the South Terminal Rotunda.

13. Host Rental Credit - Electrical Service to South Terminal Temporary Cafeteria

No. 86-0009

Resolution approving rent credit to Host in the amount of \$11,841.25 for costs incurred to provide electrical service to the premises of the interim cafeteria in the South Terminal.





14. Resolution Authorizing Rental Credit for North Terminal Hosiery and Lingerie Shop

No. 86-0010

Resolution granting rental credit to North Terminal Hosiery and Lingerie Shop for work performed on behalf of Airport.

15. Price Increase Approval - Sanitary Products

No. 86-0011

Resolution approving increase in price of sanitary products purchased from City-owned vending machines located in the women's restrooms throughout the Airport terminals.

16. Statistical Adjustments for 1985-86 Joint Use Billings Under Lease and Use Agreements

No. 86-0012

Resolution adjusting for 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for Air West International, Inc., dba Air Hawaii.

\* \* \*

I. PUBLIC HEARING:

The public hearing was opened at 9:14 AM and closed at 9:16 AM, there being no testimony from the public.

17. Hearing on Airports Commission Budget for Fiscal year 1986/87

Mr. Turpen said he received a call from Mr. Paul Van Wert, Chairman of the Airline Affairs Committee and Mr. Chamberlain this morning who, unfortunately because of the traffic congestion at the Airport, were not able to get downtown. He said that staff has been working with the airlines on the budget and they would like an opportunity, if appropriate, to address the Commission. He said that the public hearing can be conducted today and the budget can be calendared for approval on January 21st. Mr. Turpen explained that the budget is due in the Mayor's Office on February 1st. The airlines have agreed and understand that on the 21st they would have an opportunity to make their comments if, in this interim period, any details or problems can't be worked out.

Mr. Turpen asked if anyone present wished to comment on the budget.

No one wished to address the Commission.

\* \* \*

J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*



The following is a verbatim transcript of Item 1 on the January 7, 1986 Airports Commission calendar.

D. SPECIAL ITEM:

1. Consideration of United Air Lines Petition to the Airports Commission to Allow International Departures from the North Terminal Domestic Facility

Commissioner Goosby: If you want to say anything in preface to the testimony on Item No. 1, Lou.

Mr. Turpen: Well, I know that Mr. Van Wert had hoped to be available along with Mr. Steers and Mr. Wayne and were, as I indicated earlier, precluded by circumstances.

Item No. 1 really considers the petition of United Airlines to relocate two specific flights from the International Terminal to the North Terminal domestic facility; those flights being currently designated as Pan AM 5, which operates to Hong Kong and Pan AM 11, which operates to Tokyo. United Airlines had asked the Airports Commission to permit those flights to operate from Gates 80 and 82 in the North Terminal, being relocated from the International Terminal.

The Commission has a policy that all flights requiring federal inspection facilities must arrive and depart from the International Terminal. The Airports Commission constructed the International Terminal with that concept in mind and therefore has asked me to schedule this item so that the Commission might take public testimony in order to evaluate that testimony and arrive at a decision as to whether or not United Airlines should be granted this request for waiver from our policy of requiring flights to operate from the International Terminal. With that I would respond to any question the Airports Commission has or defer to anyone in the audience who would like to speak to this subject.

Commissioner Goosby: We have a number of speakers. Joe Lyons.

Joe Lyons of Duty Free: Mr. Chairman, members of the Commission, good morning. We appreciate the opportunity to address the Commission on the economic impact of the proposed United move.

Commissioner Tsougarakis: Excuse me for just a moment. Could I suggest that...I hate to do this...but that you put it off to the side (referring to a chart) so that members of the public can see because this is a public hearing.

We can see it from there. That's great. Thank you. That's perfect. Can you work with that.

Joe Lyons: Sure. No problem.

Again, we appreciate the opportunity to present to you this morning the economic impact on both the Duty Free and Principal Merchandise Concession within the International Terminal should United Airlines be granted permission to depart to the Pacific from the gates in the North Terminal. The presentation that we have developed this morning is based upon a letter of 11 November, submitted to Mr. Lou Turpen and Airport Management, which describes the economic impact of the



proposed move on both of the concessions. What we have done this morning is taken the main headings of that letter and placed them on the chart on the right so that you can follow along with us and have points of reference as we go through the presentation.

Making the presentation this morning will be Gary Hahn, Tom Adams, and myself from Duty Free Shoppers, and Paul Laveroni, our San Francisco outside counsel who will speak to the legal framework. We have also here members of the minority subtenants to the principal merchandise concessions - they would like the opportunity to speak on the economic impact which would occur on their own concessions.

By way of introduction, Tom Adams and myself are from the corporate office headquartered here in San Francisco. We spent a good part of 1982 working on the bids for both the Duty Free and Principal Merchandise Concessions. Gary Hahn is the general manager; he has been here since August 1983 and arrived just in time for the opening of both the Duty Free and the Principal Merchandise Concession shops in the International Terminal. We have a fairly detailed presentation and we would appreciate, and think it would be best, to hold any questions until the end of the presentation as many of the points which will come up will be answered as we go through the charts.

Commissioner Goosby: We have read the letters, too, so brevity would be appreciated.

Joe Lyons: Well, let me move very quickly then to the agenda. We have legal framework, key elements of the Duty Free and the Principal Concession, impact of the relocation, the loss of sales/increase in concession fees as a percentage of sales on Duty Free and on the Principal Concession, the new capital investment and facilities and inventory which will be required, the new operating expense which will accrue to the concession, and, finally I will summarize the points on the agenda and will ask my subtenants to comment on their own operations. So I would like at this stage to turn to Paul Laveroni who will discuss the legal framework.

Paul Laveroni: Good morning Commissioners. I will not exceed the three minute rule. I think the legal framework has been set forth for you by our view in a memorandum which we developed and delivered on January 3rd. I only wish to make a couple of, I think, significant points.

First of all, I don't think there is any dispute that this Commission has the power to regulate the Airport in terms of departures and arrivals flights. The statutory authorities are clear, the chart is clear and, I might say, that the actions of all the parties concerned acknowledge the Commission's power in this regard. United Airlines of course has the obligation under their lease and in the agreement with the City to obey the rules and regulations of this Commission. All the concessionaires, in their lease, agree to obey the reasonable rules and regulations of the Commission and United, by its action in bringing this petition, acknowledges this Commission's power to either grant or deny its petition. So I really don't think that the first two points are in controversy. What I want to point out is that both the Charter and the lease provisions as to United and to Duty Free Shoppers and the other concessionaires, there is one standard that applies uniformly and that is reasonableness. The Commission can make reasonable rules and regulations and the parties are bound to obey those reasonable rules and regulations. So both as an executive body regulating the Airport and as a landlord, the Commission has only the standard of reasonableness to meet.



The denial of the petition, that is the refusal to allow United to depart in the North Terminal, would be imminently reasonable for any number of reasons which are set forth in our memorandum and in the letter of Duty Free Shoppers to this Commission. On the other hand, the grant of that petition would be manifestly unreasonable, both on a policy ground and on a legal ground. On a policy ground, because it would mean the unravelling of the Master Plan of this Airport and lead, inevitably, to the kind of crazy quilt system that is prevalent in such airports as JFK, where there are arrivals and departures from all kinds of terminals, and the attendant security problems, inconvenience and congestion that inevitably arrives at those kinds of airports, which this Airport has largely managed to avoid because of the International Terminal. Secondly, it's clear that if United is allowed to depart from the North Terminal it's international flights, that would frustrate the very object of the lease between the City and the concessionaires...Duty Free Shoppers, and the other concessionaires. A whole basis for those leases was that their operation would be centered in the International Terminal and the international flights would depart from that terminal. That would lead, in the case of Duty Free Shoppers, to frustration and severe economic damage, which the speakers will speak to this morning. In terms of minority subtenants, it would mean economic ruin.

So for those reasons, in bare outline, I submit to you that on a legal basis United Airlines cannot be permitted to move to the North Terminal and depart from the North Terminal. On a policy basis it would mean the total dismantling of the Airport's Master Plan. Thank you.

Gary Hahn: I'm going to review the key elements of both our Duty Free concession and our News/Gift Principal Concession. First, the Duty Free: you can see the term is six (6) years. We have facilities of slightly more than 6,400 square feet. We have three selling locations: a main shop which is slightly less than 4,400 square feet; a fast shop, 1,200 square feet, which is just past security screening; and a gate shop, 133 square feet located between gates 54 and 55. The fact that we have three (3) locations in the International Terminal is key since a relocation of these flights to North would mean that we'd have only one selling unit in the North Terminal.

As you can see our investment is considerable. The rental is \$15,000,000 over the six year term for 15% of sales. In 1984 our sales were \$14,751,000 and of that figure, Pan Am passengers on the two flights that Mr. Turpen referred to accounted for \$1.9-million. That represents 13% of our total Duty Free sales and we would expect this percentage to grow when United takes over due to their aggressive marketing posture.

Now the News/Gift Principal Concession: our term is 10 years extending to mid year 1993. Our facilities, totally, are slightly less than 9,600 square feet. The Principal Concession, we also have three selling locations. The largest of these we refer to as our main shop, slightly less than 6,000 square feet, and this facility contains the minority subtenant spaces. As you'll see later, the loss of a portion of this business, even at our volume levels, could mean the difference between a profit and a loss. The impact on the minorities from a profit/loss standpoint would even be greater. In addition to the main shop, we have a 1,650 square foot shop located just next to and connecting to the main Duty Free Shop. The placement of this shop is extremely important as the Duty Free customers flow naturally into the shop after they make their bonded duty free purchases. We would not be able to duplicate this excellent





arrangement in the North Terminal. We also have a gate shop, 406 square feet, located at gate 55. Presently in the North Terminal we operate a News/Gift Shop in the Hub area. Our portion of this shop is 2,589 square feet, approximately 2,600 square feet. I would like you to keep that figure in mind.

There are major differences between our operation in North and the three facilities that we operate in the International Terminal. I would like to review those differences. We have three times as much space in the International Terminal as we have in North. We have exclusive rights to sell most of the product lines in the International Terminal versus no exclusive in the North. We have three shops strategically located in the International Terminal; in the North our competition would have first crack at the international passengers. Our lease in the International Terminal runs through mid-year 1993, while our lease in the North Terminal terminates in July of 1989; a difference of approximately four (4) years.

The competition: The various shops in the North Terminal would take away not only from the Principal Concession but also would take away sales from the Duty Free concession. The fact that shops exist, regardless of what is sold in those shops, would erode our sales, both duty free and duty paid.

If I might quickly review those five points - we have three times as much space in the International Terminal than we have in the North; we have exclusive rights to sell in the International Terminal versus no exclusive in North; we have three shops strategically located in the International Terminal versus one shop not well located in North; our lease in the International Terminal runs four years longer than the lease we have in North; and, the competition aspects.

As you can see, will you flip it back Joe, there's a couple more points I have to make. As you can see, our investment on the Principal Concession side is also formidable. The rental figure of \$8.5-million is guaranteed over the 10 year term of the lease however, the concession fees we pay the Airport will be considerably higher than this figure because we're currently in percentage rent, paying significantly more than the guarantee. With the loss of Pan Am, soon to be United flights, we would not be able to achieve the percentage break point. You see our total 1984 sales and the Pan Am sales which are \$1,750,000. Pan Am, incidently, currently accounts for 35.5% of the total passengers departing out of the International Terminal.

The impact on the North Terminal relocation: First, the loss of sales, the new capital investment, and our increased operating expense. As we would be required to service passengers departing to the Pacific at different terminals we would need additional staff because the Japan-bound flights leave at approximately the same time. For example, Northwest 27 leaves at 11:55 a.m., JAL #1 leaves at 12:15 p.m., Pan Am 11 leaves at 12:40 p.m. and the two China Airlines flights to Narita leave at 12:45 p.m.. They all depart within this narrow one hour window. They depart at this time for a variety of reasons: competition, connecting flights to Hong Kong, Singapore and other Asian Pacific cities and the Narita curfew.

Joe Lyons: The next subject going down those three headings is the loss of sales and increase in concession fees of percentage of each sales dollar. This is a potentially volatile break. This is a disastrous area as the bidding for these concessions requires you to come up with guarantees which allow very little tolerance for error. I've asked Tom Adams to go through with you the charts that he has developed and the various financial scenarios which he will come up



with which show the difficulties which will arise should United be allowed to make this proposed move. Tom.

Tom Adams: Well, as Joe mentioned, I was part of the original bid committee that analyzed the Central Terminal and a large portion of my job, both then and today, is evaluating different concession opportunities. I would just like to say that at the time we had the express understanding that we would be having access to all of the international passengers and on that assumption we were willing to commit in good faith for the term of the concession to pay a considerable amount of money, expecting that the Airport would have the same good faith. There was absolutely no consideration that any of these flights should be moved to any other terminal, and if we had any inclination of it we would have bid substantially less money than we did.

I'd like to go back to the three points that Gary raised about sales projections. As he said, in the North Terminal we would have approximately 1/3 of the space that we have in the International Terminal. This is extremely important in our business because it's the last time that anybody is going to have an opportunity to purchase in the United States and if they don't see something that they like they're just going to take their money back to Japan. The ideal selection is very important to us and that's a direct function of space. He also mentioned that in the International Terminal we have the exclusive rights to sell where as in the North Terminal we would not. So a substantial portion of our sales would be going to competition.

The third point that he mentioned was the locations. In the International Terminal, our major shop with the most impact is the first one that the people see; then there are two shops downstream ...one at the gates and then another one that we call the "Fast Shop", so there's three opportunities. In the North Terminal, the first shop that people would see would be a competitive shop. We would only have one shop with substantially less space. So there are those considerations that would have a substantial impact on sales.

The other one that concerns us quite a bit is the precedent that would be established by United in allowing them to move. It's difficult for us to see how you would be able to allow United to move and not allow Northwest to move if they should so desire, and that would be a substantial disaster to us.

The numbers that Joe showed you here, I think, are extremely conservative. I think that...Joe if you could flip those charts... we know that there is going to be a substantial drop in sales. To show the impact of it...with a 2% drop in sales over the term of the Duty Free concession there would be a revenue loss of the Principal and the Duty Free Concession of \$1.9-million; an estimated \$4.8-million, with the 5% drop in sales; an estimated \$9.5-million with the 10% drop; and \$14.3-million loss in sales with the 15% drop. The same type of impact would occur with concession fees. Someone is going to have to pay the difference, either us or the Airport, depending upon what the contractual agreements are. But at 2%, it would be \$310,000; at 5%, it would be \$776,000; 10%, it would be \$1.6-million; and, 15%, it would be \$2.3-million. So there is a potential of substantial damage being done to the whole concept of the concession. At least in our case, we would definitely be losing money...somewhere between the 2% and 5% range...but at least in our case we'd have some ways of mitigating the damage because we do have the Duty Free rights throughout the Airport and we've got the North Terminal News/Gift concession. This is an option that the minorities do not have at all and they're also operating under a much lower



volume base than we are. It would make our concession nonviable; it would be an absolute disaster for the minorities.

I believe Gary Hahn is going to talk about the capital expenditure, now.

Gary Hahn: We have the new capital investment listed on this chart. As you can see, the major item there is the North Terminal Duty Free Shop, the expense to construct that. We would also need to construct an operating warehouse in the North Terminal. Our operating warehouse in the Central Terminal would be too far away to service the United International passengers on a timely basis. The cut off time would have to be approximately one-hour before departure time, thereby limiting sales to passengers who would arrive at the Airport at least one-hour before the flight departs. We need this time to pack the bags and transport the merchandise from the International Terminal over to the North Terminal. Currently, in the International Terminal, we operate essentially without a cut-off time. Our philosophy is that if we can sell the customer we can beat the customer to the gate with the merchandise. I might add that Duty Free operations in many other airports have cut off times of from 35-minutes to an hour-and-a-half, which significantly reduces the sales opportunity.

The next item is we would remerchandise the Hub shop in order to maximize sales to the Pacific bound passengers. You see we have an additional inventory of \$150,000, we have the additional operating expenses...as you can see we've listed those on an annual basis...a bi-lingual staff, a new warehouse staff, shop management, and the addition of customs supervision. Since the flights to Japan, as I mentioned, and to the Orient, depart within that same narrow one-hour window we would have to retain the staff that we have at the International Terminal, plus put on additional staff in the North Terminal in order to service these United flights if they were permitted to fly out of the North Terminal. I'll turn it back to Joe, who will sum up.

Joe Lyons: Let me close by summarizing the points that we covered this morning. We believe that the proposal will have a number of negative impacts on both the Duty Free and the principal merchandise concession and the Airport itself. Financially, looking at the annual impact, it will be very severe. The loss sales on the left hand side will account, on our most conservative estimate, for \$1.3-million against the trend which is up, at the present time. Increased operating expenses will account for an additional \$268,000 a year. Depreciation each year will account for another \$170,000 as we amortize the additional investment required by the proposed move. The additional inventory investment will total \$50,000 each year.

In addition, passenger service, we believe will suffer. International passengers departing out of the North Terminal will not be exposed to specialized merchandise facilities and the merchandise concept which currently exists in the International Terminal today. The ground rules on which we committed minimum guarantees in excess of \$20-million and invested over \$3-million in facilities will be changed, putting ourselves and our minority subtenants in a dangerous financial position. The Master Plan, under which the domestic departures are scheduled to depart from the North Terminal and international departures from the International Terminal, will effectively be violated. The dangerous precedent Tom Adams discussed gives us grave concern. Other international carriers will be able to approach the Airport and request permission to fly out of other areas of the Airport, effectively reducing the revenues and raising



the expenses of our concessions and vulcanizing the international departures from the San Francisco Airport. We believe that that is a trend which no one wants to see.

We have present here the minority subtenants who have been with us since July of 1983 and who would like to add their comments to ours on the effect of the proposed move on their own operations at the International Terminal.

Commissioner Goosby: Ms. Stafford. There's only one, right?

Donetta Stafford: There's three of us.

Commissioner Goosby: There's only one on this Western Moods Shop?

Donetta Stafford: I own the Western Shop and that shop is particularly geared towards international passengers. Americans and other passengers don't buy as many cowboy hats and turquoise jewelry so we would be particularly affected. Not only am I concerned about the big picture effects of this but, for myself, I won't be moving to the North Terminal...we haven't had that offer. So, it would probably be the end of a very good minority program. We have worked very well with Duty Free in creating in the Airport a very unique blend of stores that San Francisco should be very proud of.

Commissioner Goosby: You said there's two more. Does she speak for all of you.

Commissioner Tsougarakis: Let me understand something...are you saying that 35% of the passengers are Pan Am...is that correct?

Gary Hahn: Totally, out of the International Terminal; that's both domestic and international.

Commissioner Tsougarakis: So some of them would still be there. But international is 13%?

Gary Hahn: Pan Am accounts for 13% of our Duty Free sales.

Commissioner Tsougarakis: You had expected that would increase with United Airlines. Are you saying that if you loose that 14% that means you have to shut down?

Donetta Stafford: Well, that 14% is much bigger than that because they spend more dollars than the other passengers. Sometimes they may be 14% of your passengers but they may be spending 50% of the money.

Commissioner Tsougarakis: In other words what you see is that the Japanese passengers are the ones that give you a lot of your business.





Donetta Stafford: I would say during our low period they give us 40% of our business between the hours of 10 and 1 and during the high periods they do as much as 50 to 60% of our business.

Pauline Javier: Commissioners, Mr. Turpen, I'm Pauline Javier of the Poster Shop. I think an important point to bring out is that our merchandise is limited according to our lease so we would have a difficult time readjusting with the loss of these passengers that we have bought our merchandise for. We sell our items on a non-exclusive basis...that is to say that Duty Free can carry our items also but we cannot carry their items. So the loss of these passengers can really be devastating

Commissioner Goosby: Thank you. Ellen Roberts.

Ellen Roberts: My name is Ellen Roberts and we're the flower vendors; the subtenant part of the program with the Duty Free Shoppers. For us it's also the same thing...the Japanese passengers account for a much higher dollar volume than any other international traveller. We've also invested quite a bit of money in bi-lingual signs and an entire redwood display which is oriented towards those passengers. In addition to that we also have the problem...we've achieved certain volumes with our vendors and have been able to hold prices or achieve volume discounts which we would no longer be able to do and which would necessitate some price increases...something we've tried not to do in keeping with some of the Airport policies. I think the impact of, as Donetta pointed out, even though it's a small portion of the passengers it's a large portion of our sales.

Commissioner Goosby: Thank you. All right, that's the end of that presentation.

Joe Lyons: Mr. Chairman, we will give to Mr. Turpen books which incorporate letters, charts, legal opinions and the other material we have discussed. We have extra copies and we'll be happy to submit any additional material.

Commissioner Tsougarakis: I sent a note to Mr. Turpen...I think we need to have a specific copy of the charts you are alluding to for the minutes. Are they in here? I don't think so.

Gary Hahn: No. Some of the charts are, but we'll give you a complete set.

Commissioner Tsougarakis: Right. Because you refer to them. We would appreciate it.

Commissioner Goosby: Glenn Plymate, Foreign Flag Carriers.

Glenn Plymate: Good morning. My name is Glenn Plymate. I represent the San Francisco Foreign Flag Carriers; I am their executive director. Foreign Flag Carriers is a corporation of international air lines that own and operate facilities in the International Terminal. The ten carriers are Qantas, Singapore, Philippine Airlines, China Airlines, JAL, British, Lufthansa, CP Air, Mexicana and Northwest....(tape was changed)...with United



Airline's proposal. Number one, we were concerned with the economic impacts this move would have on the international carriers. This has been very eloquently expressed in detail by the Duty Free Shop but we saw this, in a conceptual way, of requiring additional facilities and added staff. We also had a concern that this duplication of facilities for Foreign Exchange and Duty Free could result in a deterioration of service to the international passengers that use the Central Terminal now. If Duty Free would very logically manage their staff in accordance with revenue production they would be putting in fewer people in the International Terminal which would result in eroding of services to the international passengers that use those facilities now. It would also take out of revenue service facilities in the North Terminal that could be used for revenue production for the Airport. Any loss in revenue through Duty Free and Foreign Exchange operations does translate into higher rates and use charges for all the other carriers that use the Airport.

We're also concerned with operational impacts as United Airlines proposes arriving its international flights at the International Terminal and then towing the aircraft from the Central Terminal to the North Terminal. This represents an additional operation on the apron. Number one, it's going to cost United Airlines more to operate in this mode but what we're most concerned with is the delays that could be caused to international carriers at the Central Terminal caused by the additional congestion on the apron that this towing operation would cause. These delays can be extremely costly; just to idle a 747 costs \$15.00 a minute in fuel. The crew salaries, the inconvenience in time delays to the passengers on board translates into costs that could be several thousand dollars per hour. This has not been analyzed in the detail that Duty Free has gone to but it's easy to see, conceptually, the kinds of economic impacts and operational problems that this could give to the carriers that are using the Central Terminal now.

We believe that the splitting of international departures would be confusing to the people that use the San Francisco Airport. The Airport and the Airports Commission has spent several years developing the Central Terminal as the international gateway for San Francisco. We feel this would be considerably affected by asking passengers to make a choice or have to make a decision on which terminal they're going to use to fly internationally. We believe that departing passengers on United Airlines would be restricted in the choice of airlines they fly. We hesitate to use the word monopoly or unfair competition but it's clear United Airlines domestic passengers flying internationally would be held captive on United Airlines under its operational proposal. International passengers that now use the conventional international system get some chance to see San Francisco...some of the cultural exhibits that are in the terminal...but I think that if the United Airlines proposal is adopted the most the international departing passengers will see of San Francisco is a couple of loading bridges and a departure lounge in the North Terminal.

As was pointed out in the Duty Free presentation, there's also a concern that if this privilege is granted to United Airlines that it would be reasonable to expect that all the other domestic carriers that offer international service would expect to be treated the same way so it would end up with probably international operations all over the Airport. Delta, Western and all the other carriers that offer international departures, or would in the future, could conceivably have operations in their own terminal.



Lastly, and this is not pointed out in the letter to Mr. Turpen because it is an extremely sensitive issue, is the question of security. As you know, security, especially for international passengers, is an extremely sensitive issue at the present time. Security for international passengers must be handled differently than for strictly domestic passengers. We're concerned that there would be perhaps less strict security than there should be if this were split into two terminals. It would be also a problem in addressing one form of security for domestic passengers in the North Terminal and the type of security that is required for international passengers. We'd be happy to put these remarks in more detail if the Commission desires.

Commissioner Goosby: Thank you. Steve Hicks.

David Ellison: I'm not Mr. Hicks. Mr. Hicks is either detained by the traffic or his wife's operation this morning in the hospital. I am David Ellison, counsel for Mr. Hicks, and I would like to just briefly make comments, hopefully not duplicate the significant presentation of Duty Free and the others. Mr. Hicks did forward to Mr. Turpen a response to Mr. Turpen's letter of November 1st, a November 6th letter, and I will make copies of those available to Mr. Turpen and the Commission should you not have seen them.

A couple of brief comments that Steve would have made were he here. He began to work at the Airport in 1959 and, frankly, has spent most of his business life, in fact, exclusively his business life there. He became a tenant in 1966 with an exclusive candy shop concession in the Central Terminal and the South Terminal that prospered. In particular, the international business prospered in the South Terminal. In 1982, the Master Plan had been adopted, construction commenced and with the move of international operations to the Central Terminal, he negotiated with the Commission. In 1982 that negotiation was based expressly and specifically, as the letter says, on representations that the Central Terminal would house all of the international operations.

Skyline Candy had found that the Japanese customers and travellers were very generous and quite frankly that that was a business that was worth pursuing. As a result, Steve was willing to increase his rent 40% and commit to a significant financial investment in the new premises there. That is all outlined in the letter. At the same time there was an expectation that that exclusivity of the international traffic would continue. Specific statements were made by the staff and were discussed as the lease modification was approved here.

In 1985, even less than a year ago, Steve gave up his right to the exclusive sale of the better candy in the South Terminal at the request of the Commission and in a negotiation in which he had received an extension of the Central Terminal lease by the approximate time that the South Terminal was going to be out of operation. That again was based on the expectation and representation that the international operations would continue in the Central Terminal. It's clear that from a legal standpoint and also from a moral and a judgmental standpoint that Skyline Candy has made commitments here based on those representations. It is also clear that, for the same reasons outlined so well by Duty Free, his lease would be frustrated in the Central Terminal were United to be permitted to fragment international operations. The question has been asked, where do you draw the line? If you don't draw it here, I think that is an apt one.



Secondly, how would a tenant such as Skyline recoup its investment or realize the normal profit on its heavy investment in the Central Terminal. The answer is probably it would not. It does not, as does Duty Free, have another selling location. In fact, it expressly gave up that other selling location in the South Terminal less than a year ago in the expectation that the international traffic would be maintained in the Central Terminal.

The points have been raised, but have not been raised in his letter, about safety standards on international flights and the convenience of international passengers. Steve, were he here, would have made a very strong statement about that. As we all know, the Airport has been, over the last 25 years, significantly improved and increased. That has brought much construction, much confusion. The confusion is greater for an international traveller who may not be as fluent in English as some of us. Even those of us who travel frequently in and out of San Francisco have, from time to time because of the necessary construction, been confused about where to go and how to park and how to move in and out. The Commission, with its Master Plan, presented a method to have all of that sensibly resolved, particularly for international travellers, by having them come to the Central Terminal as an international gateway, as it has been said earlier today. That would be destroyed and fragmented and we would have those who come to San Francisco with the same confusing situation that exists at other international airports that are not as well planned as this one would be were the international traffic maintained in the Central Terminal.

It applies to Skyline's Candy Shop as it applies to Duty Free...if you reduce the sales volumes by a significant percentage, and the Japanese customers are a very large spending effort, Mr. Hicks estimates it to be between 30 and 40 percent of his business, there's no way to cover your fixed costs or amortize your investment. In short your expectations, both economic and other, are simply destroyed if this Commission were to permit this to occur at this time. There's just no way to overcome it realistically by negotiation. As Steve says in the last paragraph of his letter which you have, he relied in all of these business arrangements on the expectation that the international traffic would be there. He hopes that will continue to be the case. Thank you.

Commissioner Goosby: Thank you. That concludes the comments for this item. Were there any comments the Commission wanted to make? There's one person who came in late because of the traffic tie-up that wanted to comment on Item 5, the Flying Tigers. We've acted on it, Ms. Wright, and I guess she's going to speak in favor of that.

Jackie Wright: Yes. Members of the Commision, my name is Jackie Wright, Director of Property for Flying Tigers. I would just like to say on behalf of Flying Tigers, our management and our board, that we really appreciate the efforts that have been made by not only members of the Commission but also the staff, including Lou Turpen, Angela Gittens and Don Garibaldi's office as well, in terms of trying to put the deal together as we hoped it was going to come together prior to the end of the year. We have accepted the terms of the proposals that have been adopted today and unfortunately, as we were in the final stages of putting together our transaction, we ran into difficulties with respect to the financing documents as well as the terms and conditions of the bond sale itself, as well as other factors which were instrumental in causing the transaction to be deferred by our staff. Those included results for our 4th quarter as well as down trends and other considerations. What we plan to do now is we're going to basically be reviewing alterna-







tives. Our Board of Directors will be meeting the third week in January and at that time we will be scheduling a meeting, hopefully by the fourth week in January, to meet with Lou Turpen's staff to try and regroup and basically try and plan our short and long term plans for the future. So we just wanted to make an appearance here to say that we really appreciate the efforts that have been made and we wanted to assure you that we're going to use every effort to try to resolve the issue of our long standing presence here in San Francisco. So, thank you, unless someone has a question.

Commissioner Goosby: That completes the agenda and unless the Commissioners have something they want to bring to the Director...

Mr. Turpen: No. I simply ask the Commission for a closed session at the end of the regular meeting.

This is Mr. Carlos Casos of Mexicana Airlines. I believe he was detained as well.

Commissioner Goosby: If you want to say a few words. Your point has been made by your Director of the Foreign Flag Carriers. He has listed your airline as one of those companies he represented.

Carlos Casos: Mr. President, Members of the Airports Commission, my name is Carlos Casos. I'm with Mexicana Airlines at the San Francisco International Airport and I'm the Chairman for the San Francisco Foreign Flag Carriers. On behalf of the San Francisco Foreign Flag Carriers I'm opposed to the consideration for the following reasons: the financial impact, the formula for joint use of space provides that 20% of the applicable total charges shall be divided equally among the scheduled carriers using the joint space. The remaining 80% shall be prorated by the scheduled carriers for its enplaning and deplaning passengers as appropriate to the related services. If United Airlines is allowed to depart from the North Terminal facility United Airlines will not prorate the cost of Pier 'D' facilities with the rest of the international and domestic carriers operating out of this terminal. There is 39,950 sq. ft. of category one space at \$7.15 per sq. ft. which amounts to \$1,700,000. Moreover, an estimated 20,143 square feet for various categories will only be partially prorated, such as baggage makeup areas, 400 various equipment rooms, toilets near the ramp areas, north and south side.

Number two is the Duty Free Foreign Exchange facilities: a cost center is the terminal area. The development of duplicate Duty Free and Foreign Exchange facilities will undoubtedly increase the terminal expense, a cost which will ultimately be borne by all carriers operating in San Francisco. In addition, if this operation results in a terminal area negative expense, the scheduled airlines will have to agree to include it as an item of expense and budgetary forecast of terminal area expense for the next ensuing fiscal year, an amount equal to the difference between 15% of concession revenues and \$5-million.

Then we have the operational impact at terminal area Pier 'D'... towing an aircraft against traffic flow... Pier 'D' to North Terminal... will create delays. The more you move an aircraft the more your chances of an accident on the airfield area. Today, United Airlines may be trying to tow twice or three times per day; does anybody know how many more in ten months time? If an overflow occurs from the Pan American side to the San Francisco Foreign Flag Carrier side, not only the aircraft would have to be towed but also the support equipment... and that's a hassle.



Matter of policy: the Central Terminal Pier 'D' took years to develop as the hub for San Francisco's international operations. Its effectiveness will be substantially diminished by relocating a portion of the operations elsewhere. Are we ready to permit all the carriers, besides United Airlines, to operate in this fashion? What is there to stop TWA, American and Western Airlines?

Also, we feel that it is a security risk. The splitting of international departures will promote undesirable characters to conduct their endless operation at this aerial gateway. In case of emergency it is going to be much harder for Airport management and law enforcement agencies to control two international points. Let's hypothetically try to close the North Terminal due to an emergency in one of their international flights. How does Airport management handle this situation? At Central Terminal Pier 'D', where we are today, International Terminal Airport management and law enforcement agencies will only have to deal with one building. We are dealing with one building today, one security checkpoint. In addition, at this terminal, curbside check-in is not permitted.

In closing, this splitting of international departures will be confusing to passengers of San Francisco. The strong intonation is of San Francisco as an aerial gateway to the world. The public's perception would surely be affected, negative, we predict. Thank you.

Commissioner Tsougarakis: I have a question. How do we stop curbside check in?

Mr. Turpen: What you do is put a prohibition on it which means that any person departing internationally would have to go into the terminal building and check in at the ticket counter.

Commissioner Tsougarakis: Couldn't it happen, anyway?

Mr. Turpen: Surely. But basically they wouldn't have baggage tags for foreign destinations. They would all be retained inside the terminal so there would be no way to check a bag outside.

Commissioner Fleishell: Up until recent years, there was no curbside check-in. Some did and some didn't. I'd like staff to look into a security aspect that concerns me. I don't think we know what's going to happen in the next five years. We certainly, ten years ago, didn't know we'd be dealing with the acts of terrorism that we've all seen in the last year or two. It may well come to pass that we would want to create a totally sterile departure terminal at the Airport where only ticketed passengers would be permitted in the building. This is already done, on a selective basis, in New York where only ticketed passengers go beyond the umbilical that goes out to the gate. And that was when security was not really a strong problem; that was just traffic problems. I think the time may well come when we want to have a secure area where only our ticketed international passengers would be processed and we'd at least limit or inhibit the number of people subject to terrorism. If that may come to pass, permitting the vulcanization of the flow of the international traffic out of this Airport would preclude you from having an effective security system in the future.



Mr. Turpen: I understand. We'll be happy to look at that and provide the Airports Commission with our thoughts. For the benefit of the persons in the audience, the Airports Commission directed me to calendar this item so that they might receive public testimony on this matter to aid in making their decision. The obvious decision the Commission has to make is in response to United Airlines's request for a waiver of the Airports Commission policy. I would expect the Commission to take this under advisement and hopefully, in the very near future, render a decision. I would ask, Dr. Goosby, that my staff memorandum to the Airports Commission on this subject be made officially part of the minutes only because it captures effectively the issue at hand and we would ask the Commission Secretary to incorporate it.

Commissioner Tsougarakis: Also, I would like to request that the minutes be prepared as quickly as possible and submitted to United Airlines. How far behind are we?

Jean Caramatti: Back to December 3rd.

Commissioner Tsougarakis: I'd like the December 3rd meeting also.

Jean Caramatti: It will be ready for the next Commission meeting.

Commissioner Goosby: OK, then we can recess and go into closed session.

Mr. Turpen: Ladies and Gentlemen, the Airports Commission will be going into a closed session and I would ask that you please vacate the room. Thank you.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:15 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



AGENDA

- Legal framework
- Key elements of Duty Free
- Key elements of principal concession
- Impact of North Terminal relocation
- Loss of sales/increase in concession fees as a percentage of sales - Duty Free
- Loss of sales/increase in concession fees as a percentage of sales - principal concession.
- New capital investment in facilities and inventory
- New operating expense
- DFS summary
- Minority sub-tenants





## LEGAL FRAMEWORK

- The Commission has the power to regulate the Airport.
- UAL is bound to obey all reasonable rules and regulations.
- The denial of this petition would be manifestly reasonable; its grant clearly unreasonable
  1. Undo the achievements of the master plan.
  2. Frustrate the objects of the contracts between the City and these concessionaires and cause substantial damage.



KEY ELEMENTS OF DUTY FREE

TERM: 6 years (7/01/83 - 6/30/89)

FACILITIES: 6,433 sq. ft.

INVESTMENT: \$190 per sq. ft. = \$1,222,300

RENTAL: \$15,000,000 guarantee or 15% of sales

TOTAL 1984 SALES: \$14,751,000

PAN AM 1984 SALES: \$ 1,900,000



KEY ELEMENTS OF PRINCIPAL CONCESSIONS

TERM:	10 years (7/01/83 - 6/30/93)
FACILITIES:	9,595 sq. ft.
INVESTMENT:	\$160 per sq. ft. = \$1,535,000
RENTAL:	\$8,500,000 guarantee or 20% of sales
TOTAL 1984 SALES:	\$5,061,000
PAN AM 1984 SALES:	\$1,750,000



IMPACT OF NORTH TERMINAL RELOCATION

LOSS OF SALES and subsequent increase in concession fees as a percentage of each sales dollar.

NEW CAPITAL INVESTMENT in physical facilities and Duty Free inventory.

INCREASED OPERATING EXPENSE as we will be required to service passengers departing to the Pacific at different terminals.





LOSS OF SALES/INCREASE IN CONCESSION FEES AS A PERCENTAGE OF SALES

<u>DESCRIPTION</u>	<u>DUTY FREE</u>	
	<u>\$000</u>	<u>%</u>
#1 Total 1984 Sales	14,751	100.00
Concession Fee	2,600*	17.60
#2 Projected Sales	14,440	100.00
Concession Fee	2,600	18.00
Concession Fee Based on Case #1 Percent Of Sales	2,541.0	17.60
Shortfall	(59)	

\*Duty Free Shoppers pays the minimum.



LOSS OF SALES/INCREASE IN CONCESSION FEES AS A PERCENTAGE OF SALES

<u>DESCRIPTION</u>	<u>PRINCIPAL CONCESSION</u>	
	<u>\$000</u>	<u>%</u>
#1 Total 1984 Sales	5,061.0	100.0
Concession Fee	1,012.0	20.0
#2 Projected Sales	4,076.0	100.0
Concession Fee	860.0	21.0
Concession Fee Based on Case #1 Percent of Sales	815.0	20.0
Shortfall	(45)	



NEW OPERATING EXPENSE

<u>REQUIREMENT</u>	<u>ANNUAL COST \$000</u>
- Addition of bilingual staff	136
- Addition of new warehouse staff	51
- Addition of shop management	20
- Addition of Customs supervisor	30

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INTERNATIONAL DEPARTURE TIMES

- NW 027	11:55 am	daily
- JAL 001	12:15 pm	daily
- PA 011	12:40 pm	daily
- CI 001	12:45 pm	2 x weekly



SUMMARY

ANNUAL IMPACT

- Lost Sales	
- Duty Free	300.0
- Duty Paid	<u>985.0</u>
- Total	1,285.0
- Increased Operating Expense	268.0
- Facility Expenditures (depreciated over 3 years represents 1 year's depreciation)	170.0
- Additional Inventory Investment	50.0





AIRPORTS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO  
DIANNE FEINSTEIN, MAYOR

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



MORRIS BERNSTEIN  
PRESIDENT

WILLIAM K. COBLENTZ  
VICE-PRESIDENT

DR. Z. L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN  
DIRECTOR OF AIRPORTS

M E M O R A N D U M

December 31, 1985

TO: MEMBERS, AIRPORTS COMMISSION  
Hon. Morris Bernstein, President  
Hon. William K. Coblentz, Vice President  
Hon. Z.L. Goosby  
Hon. J. Edward Fleishell  
Hon. Athena Tsougarakis

FROM: Director of Airports

SUBJECT: Consideration of United Air Lines Petition to the Airports  
Commission to Allow International Departures from the North  
Terminal Domestic Facility

In early 1980, the Airports Commission formulated a policy that the Central Terminal be developed as an international terminal. Modifications were made to the Airports Modernization and Renovation Program to accomplish this policy change, including the development of federal inspection services areas of a size and type to accommodate the simultaneous processing of four jumbo jet aircraft. Other modifications were made to develop space necessary to support international operations such as, increased passenger check-in space, a large meeter/greeter arrivals lobby, a traffic configuration to support large volumes of vehicular traffic and special charter bus loading zones adjacent to the terminal to support significant international charter activity. As well, modifications were made to ensure the Airport could maintain the increased level of security required for international departures and to provide the sterile and secure corridor leading arriving passengers from their aircraft to the federal inspection area.

In recognition of the difference in the passenger mix planned for the International Terminal, additional design modifications were made to the Terminal's concession plan. In order to maximize revenues, concession facilities catering to the international travelers were grouped in a "mall" fashion. The Airport's marketing of concession leases highlighted the concessionaires' opportunity to focus their merchandising and economize on staff resources through the centralization of the passenger flow.

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TELEX 509520

SFO AIRPORT

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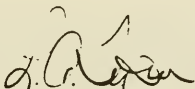


After two years of operation, the International Terminal has proven successful in meeting the design goals of effectiveness and efficiency in passenger processing and in concession revenue performance.

At this time, however, United Air Lines, in support of its initiation of international operations at SFIA, has requested that the Commission either amend or grant United a waiver to its policy and establish a second international departure area within the North Terminal.

United Air Lines maintains that, because of confusion and inconvenience to their passengers, and inefficiencies for their operation, it would be impractical to split its operation between North and International Terminals.

Because of the importance of this issue to United Air Lines and to the Airport Community, the Commission needs to hear the views of the various affected parties before determining whether or not a policy change should be made.



L. A. Turpen  
Director of Airports

Prepared by: Angela Gittens



**SKY**  
**LINE** CANDY AND GIFT INC.

1395 EL CAMINO REAL  
MILLBRAE, CALIFORNIA 94030

(415) 589-1417

San Francisco International Airport

November 6, 1985

Mr. Louis A. Turpen  
Director of Airports  
San Francisco International Airport  
San Francisco, CA 94128

Dear Mr. Turpen:

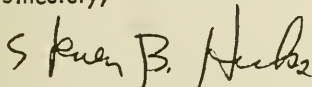
Today I heard that final approval was given to United's acquisition of Pan Americans Pacific routes. I have been informed that United Air Lines intends to board these daily flights to Hong Kong and Tokyo in the North Terminal. This loss of passengers from the International Terminal would have a dramatic negative impact on my current candy business that is located in this terminal.

My customers are predominantly Oriental, perhaps over 90 %. The loss of the Pan American passengers could immediately reduce my sales 30 to 40 %. This percentage being the Oriental traffic Pan Am now carries out of the terminal. In the future it appears to me, it will only get worse as United will take business away from the terminals remaining tenants and they will of course be boarded in the North Terminal.

When lease negotiations were conducted several years ago it was emphasized, by the Airport Staff, what a wonderful location I would have with all the International travelers all boarding in the same terminal. I certainly agreed and it was on this basis I committed to spend close to \$200,000.00 on a new facility and have my rent percentage increased 40 %. Based on the same logic I gave up my candy rights in the South Terminal for an extension of my International lease.

I obviously have consistently believed the Airport's assertions that the Central Terminal was the one and only International Terminal and risked my financial future assuming they knew what they were talking about. I hope I wasn't wrong.

Sincerely,



Steven B. Hicks, President  
Skyline Candy and Gift, Inc.

SBH/se



AIRPORTS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO  
DIANNE FEINSTEIN, MAYOR

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



MORRIS BERNSTEIN  
PRESIDENT

WILLIAM K. COBLENTZ  
VICE-PRESIDENT

DR. Z. L. GOOSBY

J. EDWARD FLEISHELL

ATHENA TSOUGARAKIS

LOUIS A. TURPEN  
DIRECTOR OF AIRPORTS

November 1, 1985

TO: International Terminal Concession Tenants

FROM: L.A. Turpen

SUBJECT: United Airlines' Acquisition of Pan American's  
Pacific-Routes

On October 24th, I met with United Airlines to discuss the proposed method of operation should their purchase of Pan American's Pacific route system be approved.

Their operating scheme envisions arriving at the International Terminal but relocating Pan American's Pacific departures, i.e., the daily non-stop to Hong Kong and the daily non-stop to Tokyo, to their North Terminal gates beyond the North Terminal Hub.

I feel as the Airport Director it is my duty to advise you of United's proposal. The Airport has suggested United continue to depart from the International Terminal for the two previously mentioned daily flights.

I would appreciate your advising me directly, or my Deputy Director for Business and Finance, Angela Gittens, of potential impacts upon your operation should United's option be implemented.

The Airports Commission will be considering this matter in the near future. It is important that you communicate your thoughts no later than November 12th, so that I may share your views with the Airports Commission.

L.A. Turpen  
Director of Airports





# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

**JANUARY 21, 1986**

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

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**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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Airports Commission

JANUARY 21, 1986

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G.

CORRESPONDENCE: 12

H.

CLOSED SESSION: 3

I.

ADJOURNMENT TO GO INTO  
CLOSED SESSION: 12



Minutes  
of the  
Airports Commission Meeting

January 21, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein
	Z. L. Goosby
	J. Edward Fleishell
	Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The Minutes of the following regular meetings were adopted by order of the Airports Commission.

No. 86-0013  
No. 86-0014

December 17, 1985  
January 7, 1986

\* \* \*

H. CLOSED SESSION:

The meeting recessed at 9:02 AM to go into closed session and reconvened at 9:30 AM.

Mr. Don Garibaldi, Airport's General Counsel, announced that the closed session just concluded by the Commission was held for the purpose of discussing litigation matters.

\* \* \*

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items was unanimously adopted.

1. Airports Commission Budget for Fiscal Year 1986/87

No. 86-0015





Mr. Lou Turpen, Airport Director, reminded the Commission that due to the accident on Highway 101 on January 7 several airline representatives were unable to attend the Public Hearing on the budget. He indicated to the Commission at the time that staff was continuing to work with the airlines on several items of concern in the Airport budget. He added that that process continues. He said that there are a number of things that the airlines have asked us about and we will commit to continue to work with them to try to resolve those concerns.

Mr. Turpen said that the budget is due in the Mayor's Office on February 1st. He said it would be appropriate for the Commission to pass it at this time with the understanding that there may be further reductions in the budget between now and the first of February, consistent with our discussions with the airlines. He said that there will be no additions to the budget prior to February 1st but there could possibly be some reductions.

Commissioner Bernstein asked Mr. Jim Chamberlain of Delta Airlines if he wished to address the Commission.

Mr. Chamberlain said that he was happy to hear Mr. Turpen's comments about continuing to work with the airlines. He said that they have had intensive meetings with Airport staff on some items of deep concern in the budget...not the least of which is the magnitude of the budget. He said he was pleased that the airlines would have the opportunity to continue to discuss the budget with Mr. Turpen and his staff.

Mr. Chamberlain added that it was his understanding that the Mayor also expressed some concern about the size of the budget.

Commissioner Fleishell said that in the past when the budget came along the Commission would be advised of those areas where the airlines and other interested parties were at variance with the staff. He felt that the Commission should be advised of concerns expressed by the airlines and of the staff responses.

Mr. Turpen responded that staff will do that. He asked Commissioner Fleishell if he wanted a follow-up letter to staff's meeting with the airlines.

Commissioner Fleishell said he would like that.

Commissioner Goosby asked about the other staff person anticipated for the City Attorney's office.

Mr. Garibaldi responded that positions for one attorney and one secretary have been budgeted.

Mr. Garibaldi added that it was his understanding that it was a Commission policy that more litigation matters were to be handled in-house. He said that that appears to be the City Attorney's direction as well.

Commissioner Fleishell asked if the Airport was billed additionally for work handled by the City Attorney's office downtown.

Mr. Garibaldi responded that we are. He explained that the cases that go downtown are those that either require some particular expertise that we don't have at the Airport or we don't have the personnel to handle it. He cited the prevailing wage ordinance as an example and explained that it had ramifications beyond just the Airports Commission. He said that all the construction litigation is handled at the Airport; everything else that comes up is handled by our staff at the Airport.



Commissioner Bernstein said that since there will be an addition to the Airport's legal staff more cases should be handled in-house.

Mr. Garibaldi said that it was his understanding that that is what the Commission desires.

Mr. Garibaldi added that all the construction litigation by outside counsel was concluded in 1984.

Commissioner Fleishell asked why we need to hire another attorney when the construction program has essentially been finished.

Mr. Garibaldi responded that the litigation is just beginning. We have an informal complaint presented to us in the last couple of weeks from Tutor-Saliba for \$7-million. We have claims from Fishbach & Moore and litigation with architects, all of which are being handled in-house.

Commissioner Fleishell asked if existing staff could handle these cases.

Mr. Garibaldi responded not with the present magnitude of the cases. He added that construction litigation, especially, becomes a paper war.

Commissioner Fleishell said that if he ran a business that had a temporary situation such as construction that would end within a reasonable period of time and then the litigation, inevitable though it might be, would end he would not inflate his staff and then later use Parkinson's law to inflate the work to keep the additional attorney busy.

Commissioner Goosby commented on the \$9,000 video taping machine for the Community Affairs office. He said that on the face of it he could not see why one was necessary just to read press clippings.

Mr. Turpen said that as an administrative matter the budget must go forward today. He said that staff is liable to reduce the budget further as a result of meetings with the airlines. He added that if, in the future, the Commission wished to adjust the budget it could be done through the Mayor's Office.

Commissioner Fleishell recommended adopting the budget with the understanding that any item could be dealt with along the way.

The following is a verbatim transcript of Item 2.

2. Consideration of United Airlines Petition to Airports Commission Requesting Waiver of Commission Policy to Allow International Departures from the North Terminal Domestic Facility.

No. 86-0016

Mr. Turpen: The Commission has before you a revised resolution presented to you this morning wherein the last resolve was modified to say: "Resolved this Commission hereby affirms the Director's refusal of United Airlines request to enplane passengers from the North Terminal facilities in accord with the authority granted to the Director in Rule and Regulation 1.5.19."

I believe there may be some speakers on this matter. I would suggest that possibly the Commission hear first those individuals who wish to address the Commission and then I'll be happy to respond to any questions the Commission may have.



Commissioner Bernstein: Mr. Laveroni.

Mr. Paul Laveroni, Attorney for Duty Free Shoppers: Mr. President, we put our names in on behalf of Duty Free Shoppers and there are some others. We made a presentation at the last hearing, in your absence, and we have just indicated that if there are other speakers who would like to hear from us again on points raised we would be happy to do so.

Commissioner Bernstein: I think everyone would like to hear from you but I don't know if it's necessary.

Mr. Laveroni: We'd like to reserve our space until the end. If there are any questions or comments as a result of other people's comments we'd be happy to address you.

Commissioner Bernstein: Thank you. Does that go for Mr. Gary Hahn?

Mr. Laveroni: Mr. Hahn and Mr. Lyons are here as well.

Commissioner Bernstein: Mr. Joe Lyons.

Mr. Lyons: We're all together.

Commissioner Bernstein: Mr. Hicks.

Mr. Steve Hicks, Skyline Candy: I'm not with them but I will wait. My attorney spoke last time.

President Bernstein: Mr. Paul Van Wert.

Mr. Alan Wayne, United Airlines: President Bernstein, Members of the Commission, my name is Alan Wayne, I'm Director of Public Affairs for United Airlines. With me is Paul Van Wert who is Regional Airport Affairs Administrator.

All of you have received a letter over the signature of Steve Steers, our Senior Vice President and General Manager of the Western Division, responding to comments and discussion that was held with Mr. Turpen last Thursday on our plan to operate our international operations. If I may pull from that letter a couple salient points. -

It is our opinion that there are compelling operational marketing and economic reasons for our plan to operate our international departures out of the North Terminal. We are convinced this action is entirely consistent with United's legal rights under its lease and use agreement with the City and County of San Francisco; that this is the proper course of United to provide convenient, reliable and competitive service for travellers and enhance San Francisco's position as a major international gateway in the third largest hub on United's system, where we will be approaching 300 daily arrivals and departures. We are asking the City, as we have discussed with all of you and the Airports Commission, to recognize that United will be exercising its rights to



operate its international departures from the North Terminal effective January 28th and for assistance in providing support activities related to Duty Free, Foreign Exchange, signage and facility modifications. As the largest carrier serving the Airport, we have had a long and mutually beneficial relationship with the City. We are hopeful, very hopeful, of resolving this matter prior to January 28th. It would be extremely unfortunate for United, the City, and the travelling public if this service begins without the many amenities that the travelling public is accustomed to.

I should add, based on information received this morning, and in the interest of keeping the communications open between all of us...As you know, talks have been going on with the Japanese in Tokyo last week over Japanese concerns about granting us landing rights. It's been well reported in the press. Those talks ended last Friday; they resumed in Washington on Sunday; they ended last night. We anticipate that there will be some sort of announcement coming from United today with respect to a slight delay in the start-up date. However, and I want to stress this, that in no way changes the position of the company with respect to the points made in the letter to all of you dated January 20th. Thank you.

Mr. Turpen: Paul, do you care to say anything?

Mr. Paul Van Wert, United Airlines: Does anybody have any questions? I was up here in case anyone had questions.

Commissioner Goosby: Are the people in the audience aware of the resolution that we're about to pass?

Mr. Turpen: The thrust of the resolution is the same.

Commissioner Goosby: The thrust of the resolution is the same; just some minor wording changes and I just want to be sure that if there was anybody present who wanted to speak to this that they knew what we are getting ready to pass.

Mr. Hicks: What are you getting ready to pass?

Mr. Turpen: For the benefit of those persons in the audience who may not have the resolution before them, the Airports Commission is presently considering the petition of United Airlines to allow United to operate from the North Terminal facility with its international departures, specifically those departures which it has purchased from Pan Am. The Airports Commission Resolution, which is being considered presently, would deny that petition and require that United Airlines operate from the International Terminal facility, consistent with the master plan and Commission policy.

Mr. Hicks: Well, if you're about to pass that then I won't say anything.

Commissioner Bernstein: Anything further?





Mr. Turpen: Other than any questions the Commission has.

Commissioner Bernstein: Before I vote, I'd like to explain my vote.

I'm in accord with the philosophy of the Commission and the Airport, definitely. However, I do think that in the interest of business and both parties that I'm just amazed that there hasn't been more dialogue and that there hasn't been some movement. The positions have been intractable on both sides. I find it incomprehensible but nevertheless I'm hopeful that there will be some resolution. In the meantime, in an effort to maintain a unanimous decision so that the Airports Commission remains together, I'm going to vote for it. I find myself in a very a peculiar position.

3. Lease of Barber Shop/Month-to-Month Hold-Over

No. 86-0017

Mr. Turpen said that the barbershop lease in the North Connector is expiring. This resolution gives staff permission to carry it over on a month-to-month basis. He said that at Commission direction staff is presently conducting a survey on new concession ideas. He said that the result of that survey could impact the space adjacent to the barbershop as well as some of the space currently included in the barbershop lease. Mr. Turpen said that rather than move forward with the lease as it exists it would be prudent for the Commission to allow an extension so that they might have the opportunity to fully consider the result of the concession survey.

4. Approval of Temporary Offices for Alaska Airlines in Lower Level of Boarding Area 'B'

No. 86-0018

Mr. Turpen explained that as part of the M & R Program we've had to move Alaska Airlines around. This resolution authorizes funds to construct offices for Alaska Airlines as part of the reconstruction program. He said that it is the Airport's obligation under Commission policy to pay for these types of moves.

Commissioner Bernstein asked if there wasn't some space available so that the Airport could save \$50,000.00.

Mr. Turpen responded that we have exhausted those areas of potential use and there is no available space for Alaska Airlines where they would be anywhere near their operation. He said that for a period of time they were operating their flights from the South Terminal and had offices in the North Terminal. Mr. Turpen said that this is consistent with our obligation to the airlines and consistent with Commission policy on the M & R Program.

5. Professional Services Agreement - Tracor, Inc. - \$10,000.00

No. 86-0019



Mr. Turpen said that this item is self-explanatory, but pointed out that paragraph one is not exactly correct...the lawsuit has been filed in the Shearwater case, however, the suit had not yet been filed when this memo was prepared.

Mr. Turpen said that Tracor is internationally renown as the expert in the effects of aircraft noise...what generates aircraft noise, how it's generated, and how it is processed through the environment.

Commissioner Bernstein asked if there was anyone on staff who could handle this.

Mr. Turpen responded that since the Airport is in litigation an independent expert is best.

\* \* \*

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Retirement Resolution:  
Willie Bible

No. 86-0020

7. Award of Airport Contract No. 1492:  
Perimeter Road Reconstruction

No. 86-0021

Resolution awarding Contract No. 1492 to O. C. Jones & Sons in the amount of \$320,018.00. Seven bids were received on December 3, 1985, ranging from \$320,018.00 to \$397,020.00.

Commissioner Goosby commented that the Airport is getting bids that are less than the projected amount. He said he looked at the list and did not find any MBE/WBE designation for the list.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, responded that this project is funded by a grant from the FAA and as such the MBE participation in terms of joint ventures does not apply. He said that there are minority requirements in terms of subcontractors and those have been adhered to and certified by the Human Rights Commission.

Commissioner Goosby asked if the reason it did not come under the City ordinance was because it was Federal money.

Mr. Bouey responded that that was correct, adding that the City ordinance specifically exempts those cases.

Commissioner Goosby said that he was impressed with the fact that even without those contingencies we are considerably under the projected amount. He said that the argument cannot be made that the cost of doing business has increased because of the Affirmative Action program.



Mr. Bouey mentioned that this contract is 20% MBE and 4.1% WBE.

Commissioner Bernstein asked if there was a contract in dispute because of minority hiring practices.

Mr. Bouey responded that there is another contract which has been bid but has not yet been before the Commission. He said that one of the companies that lost the bid wrote to Mr. Turpen and Commissioner Bernstein.

8. Award of Airport Contract No. 1521R:  
Garage Signing, Electronic Display Units

No. 86-0022

Resolution awarding Contract No. 1521R to Albert Electric Company in the amount of \$53,800.00

Six bids were received on December 20, 1985 ranging from \$53,800.00 to \$95,000.00.

9. Declaration of Emergency - Airport Contract No. 1687:  
Power Cable Replacement  
Cable 12TAAM-1

No. 86-0023

Resolution declaring the existence of an emergency in the failure of Power Cable 12TAAM-1 serving Airport and tenant facilities bordering San Francisco Bay; directing the Director of Airports to effect the necessary replacement and requesting the Controller to certify funds needed to effect such repairs in the amount of \$24,000.00.

10. Request for Approval of Travel/Training for Airports Commission  
Representatives

No. 86-0024

Resolution approving Travel/Training for Airports Commission representatives.

\* \* \*

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Bernstein regretfully announced that Bill Coblentz has resigned from the Commission and said his resignation is a tremendous loss to the City. He said that the Commission must now elect a Vice President to fill his unexpired term and that it was his privilege to nominate Ed Fleishell who has been a very diligent worker on the Commission.

Commissioner Tsougarakis seconded the nomination.



The vote to elect Commissioner Fleishell Vice President was unanimous.

No. 86-0025

Commissioner Fleishell asked staff to draft a resolution honoring the long time and very valued services of Bill Coblentz. He also asked that before putting it on the calendar that the draft be sent to each member of the Commission so that they might have the opportunity for some individual input.

Commissioner Fleishell asked if the legal staff would research the possibility of drafting a law to require any subdivision where other construction, within the 65 decible range of the area, would require the consent of the Airports Commission. He asked for a determination if such a law could be drafted and be constitutional and for a backup position. He said that other industries have done this and cited the construction industry as an example. He explained that whenever they have a local problem they go to Sacramento and solve it. He does not know why the Commission can't do the same thing.

Mr. Turpen asked if it would specifically pertain to residential dwellings.

Commissioner Fleishell responded that it should cover everything, including the hotel built in the path of our runway.

Commissioner Goosby said he received a communication regarding advertising on coaches.

Mr. Garibaldi responded that staff is preparing a reply to that letter.

Mr. Turpen said that the Commission's intent was clear when they incorporated the provision in the contract. We have a contract with SFO Airporter; clearly the Commission's intent was to preclude advertising on the outside of the buses. Since this was clearly the Commission's intent we simply said that Airporter needed permission in order to do this. Since they did not have permission they were asked to remove the advertising. He said that Airporter then went out and secured legal counsel to try and muddy the issue. Mr. Turpen said that as far as he was concerned the issue is very clear. Airporter signed an agreement, clearly understanding what the intent was. Now, because they don't agree with the intent, they are going to try and find a legal way to circumvent the agreement.

Commissioner Fleishell said that we now have a contract that's going out to bid on this same subject. He said that Mr. Turpen should poll everyone to determine if there is any question in the minds of the Commission as to whether or not we should permit advertising and reflect the sharing of that revenue in the new contract.

Commissioner Goosby said he knew he was in the minority but he wanted to raise the point.

Commissioner Bernstein said he was also for advertising.

\* \* \*





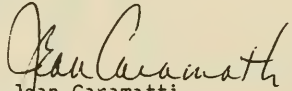
G. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

I. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M. to go into closed session.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORTS COMMISSION



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## MINUTES

JANUARY 21, 1986

DIANNE FEINSTEIN, MAYOR

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I.

ADJOURNMENT TO GO INTO  
CLOSED SESSION: 12





Minutes  
of the  
Airports Commission Meeting

January 21, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein  
Z. L. Goosby  
J. Edward Fleishell  
Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The Minutes of the following regular meetings were adopted by order of the Airports Commission.

No. 86-0013  
No. 86-0014

December 17, 1985  
January 7, 1986

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H. CLOSED SESSION:

The meeting recessed at 9:02 AM to go into closed session and reconvened at 9:30 AM.

Mr. Don Garibaldi, Airport's General Counsel, announced that the closed session just concluded by the Commission was held for the purpose of discussing litigation matters.

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E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items was unanimously adopted.

1. Airports Commission Budget for Fiscal Year 1986/87

No. 86-0015



Mr. Lou Turpen, Airport Director, reminded the Commission that due to the accident on Highway 101 on January 7 several airline representatives were unable to attend the Public Hearing on the budget. He indicated to the Commission at the time that staff was continuing to work with the airlines on several items of concern in the Airport budget. He added that that process continues. He said that there are a number of things that the airlines have asked us about and we will commit to continue to work with them to try to resolve those concerns.

Mr. Turpen said that the budget is due in the Mayor's Office on February 1st. He said it would be appropriate for the Commission to pass it at this time with the understanding that there may be further reductions in the budget between now and the first of February, consistent with our discussions with the airlines. He said that there will be no additions to the budget prior to February 1st but there could possibly be some reductions.

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Mr. Chamberlain said that he was happy to hear Mr. Turpen's comments about continuing to work with the airlines. He said that they have had intensive meetings with Airport staff on some items of deep concern in the budget...not the least of which is the magnitude of the budget. He said he was pleased that the airlines would have the opportunity to continue to discuss the budget with Mr. Turpen and his staff.

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The following is a verbatim transcript of Item 2.

2. Consideration of United Airlines Petition to Airports Commission Requesting Waiver of Commission Policy to Allow International Departures from the North Terminal Domestic Facility.

No. 86-0016

Mr. Turpen: The Commission has before you a revised resolution presented to you this morning wherein the last resolve was modified to say: "Resolved this Commission hereby affirms the Director's refusal of United Airlines request to enplane passengers from the North Terminal facilities in accord with the authority granted to the Director in Rule and Regulation 1.5.19."

I believe there may be some speakers on this matter. I would suggest that possibly the Commission hear first those individuals who wish to address the Commission and then I'll be happy to respond to any questions the Commission may have.



Commissioner Bernstein: Mr. Laveroni.

Mr. Paul Laveroni, Attorney for Duty Free Shoppers: Mr. President, we put our names in on behalf of Duty Free Shoppers and there are some others. We made a presentation at the last hearing, in your absence, and we have just indicated that if there are other speakers who would like to hear from us again on points raised we would be happy to do so.

Commissioner Bernstein: I think everyone would like to hear from you but I don't know if it's necessary.

Mr. Laveroni: We'd like to reserve our space until the end. If there are any questions or comments as a result of other people's comments we'd be happy to address you.

Commissioner Bernstein: Thank you. Does that go for Mr. Gary Hahn?

Mr. Laveroni: Mr. Hahn and Mr. Lyons are here as well.

Commissioner Bernstein: Mr. Joe Lyons.

Mr. Lyons: We're all together.

Commissioner Bernstein: Mr. Hicks.

Mr. Steve Hicks, Skyline Candy: I'm not with them but I will wait. My attorney spoke last time.

President Bernstein: Mr. Paul Van Wert.

Mr. Alan Wayne, United Airlines: President Bernstein, Members of the Commission, my name is Alan Wayne, I'm Director of Public Affairs for United Airlines. With me is Paul Van Wert who is Regional Airport Affairs Administrator.

All of you have received a letter over the signature of Steve Steers, our Senior Vice President and General Manager of the Western Division, responding to comments and discussion that was held with Mr. Turpen last Thursday on our plan to operate our international operations. If I may pull from that letter a couple salient points.

It is our opinion that there are compelling operational marketing and economic reasons for our plan to operate our international departures out of the North Terminal. We are convinced this action is entirely consistent with United's legal rights under its lease and use agreement with the City and County of San Francisco; that this is the proper course of United to provide convenient, reliable and competitive service for travellers and enhance San Francisco's position as a major international gateway in the third largest hub on United's system, where we will be approaching 300 daily arrivals and departures. We are asking the City, as we have discussed with all of you and the Airports Commission, to recognize that United will be exercising its rights to





operate its international departures from the North Terminal effective January 28th and for assistance in providing support activities related to Duty Free, Foreign Exchange, signage and facility modifications. As the largest carrier serving the Airport, we have had a long and mutually beneficial relationship with the City. We are hopeful, very hopeful, of resolving this matter prior to January 28th. It would be extremely unfortunate for United, the City, and the travelling public if this service begins without the many amenities that the travelling public is accustomed to.

I should add, based on information received this morning, and in the interest of keeping the communications open between all of us...As you know, talks have been going on with the Japanese in Tokyo last week over Japanese concerns about granting us landing rights. It's been well reported in the press. Those talks ended last Friday; they resumed in Washington on Sunday; they ended last night. We anticipate that there will be some sort of announcement coming from United today with respect to a slight delay in the start-up date. However, and I want to stress this, that in no way changes the position of the company with respect to the points made in the letter to all of you dated January 20th. Thank you.

Mr. Turpen: Paul, do you care to say anything?

Mr. Paul Van Wert, United Airlines: Does anybody have any questions? I was up here in case anyone had questions.

Commissioner Goosby: Are the people in the audience aware of the resolution that we're about to pass?

Mr. Turpen: The thrust of the resolution is the same.

Commissioner Goosby: The thrust of the resolution is the same; just some minor wording changes and I just want to be sure that if there was anybody present who wanted to speak to this that they knew what we are getting ready to pass.

Mr. Hicks: What are you getting ready to pass?

Mr. Turpen: For the benefit of those persons in the audience who may not have the resolution before them, the Airports Commission is presently considering the petition of United Airlines to allow United to operate from the North Terminal facility with its international departures, specifically those departures which it has purchased from Pan Am. The Airports Commission Resolution, which is being considered presently, would deny that petition and require that United Airlines operate from the International Terminal facility, consistent with the master plan and Commission policy.

Mr. Hicks: Well, if you're about to pass that then I won't say anything.

Commissioner Bernstein: Anything further?



Mr. Turpen: Other than any questions the Commission has.

Commissioner Bernstein: Before I vote, I'd like to explain my vote.

I'm in accord with the philosophy of the Commission and the Airport, definitely. However, I do think that in the interest of business and both parties that I'm just amazed that there hasn't been more dialogue and that there hasn't been some movement. The positions have been intractable on both sides. I find it incomprehensible but nevertheless I'm hopeful that there will be some resolution. In the meantime, in an effort to maintain a unanimous decision so that the Airports Commission remains together, I'm going to vote for it. I find myself in a very a peculiar position.

3. Lease of Barber Shop/Month-to-Month Hold-Over

No. 86-0017

Mr. Turpen said that the barbershop lease in the North Connector is expiring. This resolution gives staff permission to carry it over on a month-to-month basis. He said that at Commission direction staff is presently conducting a survey on new concession ideas. He said that the result of that survey could impact the space adjacent to the barbershop as well as some of the space currently included in the barbershop lease. Mr. Turpen said that rather than move forward with the lease as it exits it would be prudent for the Commission to allow an extension so that they might have the opportunity to fully consider the result of the concession survey.

4. Approval of Temporary Offices for Alaska Airlines in Lower Level of Boarding Area 'B'

No. 86-0018

Mr. Turpen explained that as part of the M & R Program we've had to move Alaska Airlines around. This resolution authorizes funds to construct offices for Alaska Airlines as part of the reconstruction program. He said that it is the Airport's obligation under Commission policy to pay for these types of moves.

Commissioner Bernstein asked if there wasn't some space available so that the Airport could save \$50,000.00.

Mr. Turpen responded that we have exhausted those areas of potential use and there is no available space for Alaska Airlines where they would be anywhere near their operation. He said that for a period of time they were operating their flights from the South Terminal and had offices in the North Terminal. Mr. Turpen said that this is consistent with our obligation to the airlines and consistent with Commission policy on the M & R Program.

5. Professional Services Agreement - Tracor, Inc. - \$10,000.00

No. 86-0019



Mr. Turpen said that this item is self-explanatory, but pointed out that paragraph one is not exactly correct...the lawsuit has been filed in the Shearwater case, however, the suit had not yet been filed when this memo was prepared.

Mr. Turpen said that Tracor is internationally renown as the expert in the effects of aircraft noise...what generates aircraft noise, how it's generated, and how it is processed through the environment.

Commissioner Bernstein asked if there was anyone on staff who could handle this.

Mr. Turpen responded that since the Airport is in litigation an independent expert is best.

\* \* \*

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Retirement Resolution:  
Willie Bible

No. 86-0020

7. Award of Airport Contract No. 1492:  
Perimeter Road Reconstruction

No. 86-0021

Resolution awarding Contract No. 1492 to O. C. Jones & Sons in the amount of \$320,018.00. Seven bids were received on December 3, 1985, ranging from \$320,018.00 to \$397,020.00.

Commissioner Goosby commented that the Airport is getting bids that are less than the projected amount. He said he looked at the list and did not find any MBE/WBE designation for the list.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, responded that this project is funded by a grant from the FAA and as such the MBE participation in terms of joint ventures does not apply. He said that there are minority requirements in terms of subcontractors and those have been adhered to and certified by the Human Rights Commission.

Commissioner Goosby asked if the reason it did not come under the City ordinance was because it was Federal money.

Mr. Bouey responded that that was correct, adding that the City ordinance specifically exempts those cases.

Commissioner Goosby said that he was impressed with the fact that even without those contingencies we are considerably under the projected amount. He said that the argument cannot be made that the cost of doing business has increased because of the Affirmative Action program.



Mr. Bouey mentioned that this contract is 20% MBE and 4.1% WBE.

Commissioner Bernstein asked if there was a contract in dispute because of minority hiring practices.

Mr. Bouey responded that there is another contract which has been bid but has not yet been before the Commission. He said that one of the companies that lost the bid wrote to Mr. Turpen and Commissioner Bernstein.

8. Award of Airport Contract No. 1521R:  
Garage Signing, Electronic Display Units

No. 86-0022

Resolution awarding Contract No. 1521R to Albert Electric Company in the amount of \$53,800.00

Six bids were received on December 20, 1985 ranging from \$53,800.00 to \$95,000.00.

9. Declaration of Emergency - Airport Contract No. 1687:  
Power Cable Replacement  
Cable 12TAAM-1

No. 86-0023

Resolution declaring the existence of an emergency in the failure of Power Cable 12TAAM-1 serving Airport and tenant facilities bordering San Francisco Bay; directing the Director of Airports to effect the necessary replacement and requesting the Controller to certify funds needed to effect such repairs in the amount of \$24,000.00.

10. Request for Approval of Travel/Training for Airports Commission  
Representatives

No. 86-0024

Resolution approving Travel/Training for Airports Commission representatives.

\* \* \*

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Bernstein regretfully announced that Bill Coblentz has resigned from the Commission and said his resignation is a tremendous loss to the City. He said that the Commission must now elect a Vice President to fill his unexpired term and that it was his privilege to nominate Ed Fleishell who has been a very diligent worker on the Commission.

Commissioner Tsougarakis seconded the nomination.





The vote to elect Commissioner Fleishell Vice President was unanimous.

No. 86-0025

Commissioner Fleishell asked staff to draft a resolution honoring the long time and very valued services of Bill Coblentz. He also asked that before putting it on the calendar that the draft be sent to each member of the Commission so that they might have the opportunity for some individual input.

Commissioner Fleishell asked if the legal staff would research the possibility of drafting a law to require any subdivision where other construction, within the 65 decible range of the area, would require the consent of the Airports Commission. He asked for a determination if such a law could be drafted and be constitutional and for a backup position. He said that other industries have done this and cited the construction industry as an example. He explained that whenever they have a local problem they go to Sacramento and solve it. He does not know why the Commission can't do the same thing.

Mr. Turpen asked if it would specifically pertain to residential dwellings.

Commissioner Fleishell responded that it should cover everything, including the hotel built in the path of our runway.

Commissioner Goosby said he received a communication regarding advertising on coaches.

Mr. Garibaldi responded that staff is preparing a reply to that letter.

Mr. Turpen said that the Commission's intent was clear when they incorporated the provision in the contract. We have a contract with SFO Airporter; clearly the Commission's intent was to preclude advertising on the outside of the buses. Since this was clearly the Commission's intent we simply said that Airporter needed permission in order to do this. Since they did not have permission they were asked to remove the advertising. He said that Airporter then went out and secured legal counsel to try and muddy the issue. Mr. Turpen said that as far as he was concerned the issue is very clear. Airporter signed an agreement, clearly understanding what the intent was. Now, because they don't agree with the intent, they are going to try and find a legal way to circumvent the agreement.

Commissioner Fleishell said that we now have a contract that's going out to bid on this same subject. He said that Mr. Turpen should poll everyone to determine if there is any question in the minds of the Commission as to whether or not we should permit advertising and reflect the sharing of that revenue in the new contract.

Commissioner Goosby said he knew he was in the minority but he wanted to raise the point.

Commissioner Bernstein said he was also for advertising.

\* \* \*



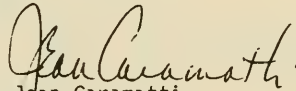
G. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

I. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M. to go into closed session.

  
Jean Caramatti  
Commission Secretary



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## **MINUTES**

FEBRUARY 4, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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February 4, 1986

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Minutes  
of the  
Airports Commission Meeting

February 4, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

Absent: Morris Bernstein, President

\* \* \*

C. DIRECTOR'S REPORTS:

1. Progress Report on the I-380 Highway Construction Program

Mr. Lou Turpen, Airport Director, said that the project is ahead of schedule and will be completed in the Spring of 1987. The first phase of the project will be opened up in the next 30-60 days.

Commissioner Goosby asked if that phase included the permanent access to the West of Bayshore.

Mr. Turpen responded that it does. He explained that this phase will open up the southbound off-ramp from Highway 101 onto the Airport. The old southbound off-ramp will then be torn down.

Commissioner Goosby asked about the status of the West of Bayshore property in conjunction with the Real Estate Department.

Mr. Turpen responded that staff has had three meetings with the City Planning and Real Estate Departments. He said that extensive information was provided to them on that property. It is his understanding that the Real Estate Department is presently preparing a report for Mayor Feinstein on the available options.

Commissioner Goosby asked about the status of the development of the Master Plan.



Mr. Turpen responded that both groups were hired and approximately 10 days ago he met with representatives of Daniel, Mann, Johnson and Mendenhall (DMJM) to discuss the overview of the Master Plan. He said the Commission's interests with regard to evaluating the West of Bayshore as a potential reliever site for certain Airport activities was discussed. He told the Commission that the contracts are being finalized and signed and they should begin their study within the next 90 days.

Commissioner Goosby hoped that they will work in cooperation with the Real Estate and City Planning Departments. He said that this was an excellent opportunity for the Airport to establish its needs for that area. He asked Mr. Turpen to suggest to the Real Estate and City Planning Departments that a committee be established to handle this.

\* \* \*

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

2. Award of Contract No. 1325R  
Maintenance Facility Improvements  
Auto Maintenance Shop

No. 86-0026

Resolution awarding Contract No. 1325R.

Five bids were received on December 19, 1985 with the amounts ranging from \$177,000.00 to \$225,598.00

Commissioner Fleishell asked if the problem with the Human Rights Commission had been straightened out.

Mr. Turpen responded that it had.

Commissioner Goosby noted that we were once again under the construction budget.

There was no one present who wished to address the Commission on this item.

3. Award of Contract No. 1607  
Demolition of North Field Structures

No. 86-0027

Resolution awarding Contract No. 1607 to Ferma Corporation in the amount of \$124,500.00.

Six bids were received on December 19, 1985, with the amounts ranging from \$114,500.00 to \$286,000.00.



Mr. Turpen explained that in the Airport north field, an area behind the United maintenance base, there are several old structures that have fallen into a state of disrepair. He has directed staff to develop a program to clean up the north field, get rid of those structures and bring that area up to the same standard that the rest of the Airport observes. He said that they are not only an eyesore but a hazard as well. Mr. Turpen said that this contract is the first phase of a complete north field rejuvenation which will clear the area out and prepare it for some future use.

Commissioner Goosby asked if there were tentative proposals for that area.

Mr. Turpen responded that there were no proposals at this time.

Commissioner Goosby asked if the seaplane harbor was still being used.

Mr. Turpen responded that it is not being used for anything at this time. He explained that Mr. Bouey is currently working with the Corps of Engineers to maintain the channel into the harbor from the bay. He said that this channel gives the Airport an access and an egress from the Airport in the event of an emergency, such as an earthquake. Mr. Turpen said that at one time there was talk about filling it in and recovering property from the bay but that idea was abandoned as impractical.

Commissioner Goosby hoped that thought was being given as to what use that area could be put in order to generate additional revenue for the City.

The following item was put over.

4. Award of Contract 1416AB:  
Boarding Area 'C' and Aprons  
Approximately \$23-Million

Five bids were received on January 22, 1986. Pending Human Rights Commission's approval of Minority/Women Business Preference, Local Business Preference, and Affirmative Action Plans, Contract 1416AB may be awarded to one of the following apparent low bidders:

Tutor-Saliba Corporation &  
Universal Insulation  
Lathrop Construction Association.,  
Inc.  
Williams & Burrows, Inc. &  
Continental Heller Corp.

Determination of recipient of contract will be made by the Human Rights Commission based on claims of MBE/WBE/LBE bid preference under the City's Administrative Code. This item is calendared in anticipation that HRC will have made the determination in respect to bid preferences prior to the Airports Commission meeting on





February 4, 1986. If HRC has not made the determination by Commission meeting time, this item will be taken off calendar at the Commission meeting.

Mr. Turpen asked that this item be put over as the Human Rights Commission has not yet completed their review.

\* \* \*

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

5. Bid Call - Airport Contract No. 1691:  
Underground Fuel Storage Tanks  
  
No. 85-0028                      Resolution approving the final plans and specifications and authorizing the Director to call for bids for Airport Contract No. 1691, Underground Fuel Storage Tanks.
  
6. Bid Call - Airport Contract 1642:  
Monitoring Wells, Underground Storage Tank, Phase 'I'  
  
No. 86-0029                      Resolution approving the final plans and specifications and authorizing the Director to call for bids for Airport Contract No. 1621, Monitoring Wells, Underground Storage Tank, Phase 'I'.
  
7. Bid Call - Airport Contract 1626:  
Clean Up Area, Northwest of Plot 40  
  
No. 85-0030                      Resolution approving the scope, budget and schedule for Contract No. 1626 and authorizing the Director to call for bids.
  
8. Tenant Improvement:  
TWA Baggage Conveyor System Expansion - South Terminal Leasehold Improvements - (T-3032)  
  
No. 86-0031                      Construction of the baggage conveyor system canopy and the installation and renovation of conveyor equipment - \$1,300,00. No cost to Airport.
  
9. Approval of Claims Settlement  
  
No. 85-0032                      Resolution approving the Settlement of Claims not exceeding \$2,500.00 for the period July to December, 1985. Total Claims - \$6,395.08.



\* \* \*

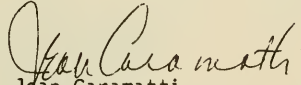
G. COMMUNICATIONS:

There were no items raised by the Commission.

\* \* \*

I. ADJOURNMENT TOGO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:10 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



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## **MINUTES**

FEBRUARY 18, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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Minutes  
of the  
Airports Commission Meeting  
February 18, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

Absent: Morris Bernstein, President

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the following regular meetings were adopted by order of the Commission President:

No. 86-0034	November 19, 1985
No. 86-0035	December 3, 1985
No. 86-0036	January 21, 1986

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 86-0033 regarding the settlement of an unlitigated claim at the Closed Session of February 4, 1986.

\* \* \*



E. SPECIAL ITEM:

The following items were unanimously adopted.

1. Resolution Commending Commissioner William K. Coblentz

No. 86-0037

Resolution commending Commissioner William K. Coblentz for his fifteen years of dedicated service on the Airports Commission.

2. Retirement Resolution:  
Warren Wong

No. 86-0038

\* \* \*

Mr. Lou Turpen, Airport Director, said that consistent with Airports Commission noise regulation 78-0131 there will be a public hearing scheduled for the March 18, 1986 Commission meeting on the petition of Southern Air Transport on the behalf of Burlington Northern Air Freight, Inc. for a waiver to the Airports Commission's regulations and applicable air operations bulletins to permit operation of the Boeing 707 300C aircraft at San Francisco International Airport. A Notice of Public Hearing has been placed in the appropriate publication in compliance with the rule that such notice be given 30 days prior to the hearing.

Commissioner Fleishell asked who, besides the petitioner, received notice.

Mr. Turpen responded the Roundtable, CalTrans and communities surrounding the Airport.

\* \* \*

F. DIRECTOR'S REPORTS:

3. Report on Unregulated Smarte Carte Collectors

Report on unregulated Smarte Carte collectors at the San Francisco International Airport from November 1, 1985 to January 1, 1986.

Mr. Lou Turpen, Airport Director, said that this report was self explanatory. Staff has met with Smarte Carte and is now working on an alternative whereby the 25¢ return would be eliminated for a period of 30-60 days. Staff fully believes that this will go a long way towards mitigating against the problem. He hoped that by the next meeting he would have some tangible information in terms of the specific dates of the test.

Commissioner Fleishell said that the problem is the 25¢ return; if the quarter is eliminated why wouldn't that solve the problem?



Mr. Turpen responded that rather than returning the carts for the 25¢ they might try to sell them. He said that as part of this program Smarte Carte will provide enough people to return the carts to the racks.

Commissioner Fleishell said that when he returned several weeks ago from Mexico the situation was as bad as ever. He said that an Airport employee was offering carts to a woman who was returning them for the quarters.

Commissioner Goosby said that Smarte Carte will pick up the extra 25¢ which will cover the cost of additional employees needed to retrieve the carts.

#### 4. Status Report on the San Francisco Garter Snake Study

Quarterly report on the San Francisco Garter Snake Study in the Airport's West of Bayshore property.

Mr. Turpen said the study has been completed and the Commission will receive a final report. He said that as part of the final report staff insisted that mitigation measures be included in anticipation of any environmental statement the Airport might want to prepare for that property.

Commissioner Goosby asked if the report will make conclusions or offer recommendations.

Mr. Turpen responded that conclusions will be drawn. He reminded the Commission that one of the reasons for doing the report early on was so that it would not necessarily block anything the Airport wanted to do West of Bayshore. Once the Airport decides what it wants to do with that property we are six months away from establishing mitigation measures. He said that if we can't agree on the mitigation measures he said we will have to go before the Secretary of the Interior.

Commissioner Goosby asked for reports or minutes of the meetings held held by the Task Force on the West of Bayshore.

Mr. Turpen said he will talk with Wally Wortman, Director of Property for the City, who is spearheading the downtown effort to review potential use for the West of Bayshore property for the Mayor. He said that in the event that review results in the West of Bayshore property coming back to the Airport our task force has already been established and will file reports with the Commission.

#### 5. Report on Award of Contract 1416AB: Boarding Area 'C' & Aprons Approximately \$23-Million

Mr. Turpen said that this was a self-explanatory report on Contract 1416AB and asked Jason Yuen, Administrator, Bureau of Planning and Construction, to brief the Commission.

Mr. Yuen said bids were received on this project about a month ago and staff had planned to award the contract at the last Commission meeting. He explained that the Human Rights Commission was not able to approve the award because it could not verify the bid preference or the affirmative action plan of the bidders.





Mr. Yuen said that a letter was sent by the attorney for Trans-Bay/Lathrop protesting Tutor-Saliba's bid, claiming that they are not a bonafide MBE, LBE or WBE. The letter also protested Williams and Burrows bid on the basis that they are not a bonafide LBE and filed their bid one-minute late.

Commissioner Fleishell asked what the Airport uses for official time.

Mr. Yuen responded that each bid is time-stamped and that machine is set with the time given out by the telephone company.

Commissioner Fleishell said that the official time is Universal Coordinated Time in London. He said that there is a frequency on the radio that announces the time by a time signal. He said that this is the official source and should be used in the event of a lawsuit.

Commissioner Tsougarakis said that staff exercised the precaution of calling the phone company and that is the source that is commonly used.

Mr. Turpen asked how many bidders have come in within one minute.

Mr. Yuen responded that about 20% of the bidders come in within the last half minute.

Mr. Yuen told the Commission that a decision must be made to either increase the budget to pay for overtime work in order to maintain the original completion date, or, to extend the completion date.

The Commission felt that since this is the end of the project delaying the completion date would have a minimal impact. The decision was made to extend the completion date.

Mr. Yuen said he will prepare the resolution for award, extending the completion date, for the next Commission meeting.

Commissioner Tsougaraki suggested that in the future staff allow lead time for the Human Rights Commission.

Mr. Yuen responded that the Human Rights Commission had asked for ten days but did not realize this was a large contract.

\* \* \*

#### G. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

#### H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

##### 6. Resolution Awarding Financial Services Lease

No. 86-0039

Resolution awarding Financial Services  
Lease to Bank of America N.T. & S.A.



The Rule of Necessity was invoked allowing Commissioner Tsougarakis to vote on this item.

Commissioner Fleishell said that the covering material on this item makes a great point of the fact that staff made every effort to get additional bidders.

7. \$50,000 Supplemental Appropriation for Security

No. 86-0040 Resolution authorizing the Director of Airports to request from the Mayor a \$50,000 supplemental appropriation for Police overtime.

8. Approval of Budget for Professional Services Contract with O'Brien-Kreitzberg & Associates, Inc. - Contract Admendment No. 7 - \$850,000

No. 86-0041 Resolution approving budget of \$850,000 for 12-month period commencing March 15, 1986, for professional services contract between City and O'Brien-Kreitzberg & Assoc., Inc. to continue to provide scheduling, cost control, inspection, and monitoring services, and to provide personnel and equipment resources for the Airport's modernization and Replacement Program.

Commissioner Fleishell said he did not understand how it costs \$850,000 when we are at the end of our program. He said he was not in favor of it.

Mr. Yuen responded that right now, we are at the peak of the South Terminal reconstruction program with about 1/3 of the project finished. Boarding Area 'C' is coming up at a cost of \$23-million.; Delta's interior work will run about \$3-million. He said that Boarding Area 'A' has just been finished and will be replaced by Boarding Area 'C'. Mr. Yuen said that last year we spent nearly \$802,000 with Kreitzberg.

Mr. Yuen explained that the largest amount of that contract, over \$500,000, goes to about nine inspectors on the construction jobsite who report to us. Considering that we have over \$100-million worth of construction work underway right now, he felt the amount was a very small percentage.

Mr. Yuen said that the only increase over last year was about 5% for inflation; the budget has not been increased. He said that it will drop off sharply with the completion of the South Terminal and the tapering off of the Boarding Area 'C' contract. Five years ago, when the program began, we had only one project at a time. We budgeted \$330,000 but only spent \$190,000. He explained that was because there was some delay in one of our projects and no inspectors were hired. The advantage is that these inspectors are hired on an as needed basis. He said that with the completion of Rotunda A inspectors will be laid off and will not be rehired until after Boarding Area 'C' is started.

Mr. Turpen explained that prior to this alternative method of managing projects it was handled in house.



Mr. Yuen added that the budget was \$2-million a year at that time.

Mr. Turpen told the Commission that at that time we had 133 in-house inspectors; we now have 6-8 in-house people and the O'Brien-Kreitzberg contract. He said that inspectors are necessary to ensure that the work is done properly. He said that our program speaks for itself. Recent programs in other major airports have had some real problems. He added that Dallas has recently gone to the same concept.

Mr. Turpen realized that \$850,000 is a large amount compared to what we had in the past but it is money well spent. He added that this money is not totally committed; it is simply money that is set aside to cover what might have to be done.

Commissioner Tsougarakis asked how much was spent on construction last year for the \$802,000.

Mr. Yuen responded that it was roughly \$50-million last year.

Commissioner Tsougarakis did not feel it was unreasonable.

Mr. Yuen said that this is really minimal inspection. He frequently receives complaints from Mr. Bouey's maintenance people that there aren't enough inspections and that a lot of things are missed.

Commissioner Goosby asked if the other suit has been finalized.

Mr. Don Garibaldi, Airport General Counsel, responded that it has been filed and is going through due process just like any other piece of litigation.

Commissioner Fleishell said that if Mr. Yuen is convinced that this is the minimum we can get by with, he will go along with it. He felt that at some point it should start to taper off.

Mr. Yuen responded that the next contract definitely will be. He said that this year and last year were peak years in the construction program. He pointed out that this approval is subject to Civil Service Commission and Human Rights Commission approval.

9. Barber Shop/Beauty Salon - Authorization of Pre-Bid Conference

No. 86-0042	Resolution approving preliminary lease specifications and authorizing staff to conduct a pre-bid conference for the Barber Shop/Beauty Salon Lease.
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Mr. Turpen said that this involves a new lease for the Barber Shop. Staff is eliminating the shower area, giving the concession more of a beauty shop/barber shop type of image. Staff requests permission to hold a pre-bid conference to solicit reactions from potential bidders.

Commissioner Goosby asked how much of revenue the showers bring in.

Mr. Turpen responded that it is \$87.00 a week.

Commissioner Goosby said that he received a letter from the current tenant complaining about the showers being eliminated and the amount being raised. He said that the minimum acceptable bid will be \$20,000; the current minimum annual guarantee is \$6,000.



Mr. Turpen felt that the pre-bid conference will be enlightening in terms of the number of people who might be interested in bidding and they're reaction to the draft specifications.

Commissioner Fleishell said that the marketplace will decide whether or not this type of service is needed.

10. Bid-Call - Airport Contract No. 1692:  
Office Relocation - Third Floor, North Terminal

No. 86-0043                      Resolution approving the scope, budget, and schedule for Contract No. 1692, and authorizing the Director of Airports to call for bids when ready. The purpose of this contract is to relocate Community Affairs and Land-side Operations. Contract time is 60 calendar days.

Commissioner Tsourgarkis asked why this was being done.

Mr. Turpen responded that ever since 1983 when we moved back into the terminal facilities we have been very constrained for space. Dennis Bouey is heading up a staff team to look at how this might be sorted out. He said that this project accomplishes that. It pulls the Airport Police back into adequate quarters and makes some other relocations he thinks are important.

Mr. Turpen said that a number of things have been discussed. Among them, the option of abandoning the terminal buildings completely and moving out to a third facility. He felt that although this is a possibility for the future it would not be an appropriate move at this time. Staff has looked at some outside-of-the-terminal alternatives but from a cost and remodeling standpoint and the fact that it splinters staff he doesn't think it is appropriate. Mr. Turpen said it has been very beneficial to have staff close together and in the terminal facilities because it makes them accessible not only to him but to the tenants as well.

Commissioner Goosby asked what was happening with the 4th floor, where the restaurant used to be.

Mr. Turpen responded that the U.S.O. is located on that floor. Staff is also looking at that space as a potential health spa.

The following item was put over.

11. Authorization for Pre-bid Conference:  
Electronic Information Services

Resolution authorizing a pre-bid conference for electronic information system.

Mr. Turpen said that this has come before the Commission before. Staff would like to conduct a pre-bid conference to determine the level of interest and the technology that might be available which would enhance and improve the system presently in place.

Commissioner Fleishell said that Commissioner Bernstein requested that no action be taken today and that the item be put over.

\* \* \*





I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted:

12. Type II Modifications for Two South Terminal Complex Construction Contracts

Resolutions approving modification to provide additional work for unforeseen conditions, increased scope, deficiencies in the plans and specifications, and design changes.

No. 86-0044

Contract 1410ABCD: South Terminal Renovation - Phase I - \$23,149.73

No. 86-0045

Contract 1410EF: South Terminal Renovation - Phase II - \$207,853.00

13. Tenant Improvement:  
Airport Hilton Plot 2

No. 86-0046

Resolution approving renovation of Building 1 Main Floor - 18,000 Sq. Ft.  
Contract No. T-3085, \$1,000,000.

14. Travel/Training for Airports Commission Representatives

No. 86-0047

Resolution approving Travel/Training for Airports Commission Representatives.

\* \* \*

J. PUBLIC HEARING:

The Public Hearing was called to order at 9:33 A.M. and closed at 9:37 A.M.

15. Hearing Recommending an Increase in Rental Rates for Permitted Cargo Space

Commissioner Fleishell asked if there was anyone present who wished to speak for or against the increase.

No one from the audience wished to address the Commission.

Commissioner Goosby felt this was a modest increase. He asked if anyone complained.

Mr. Turpen responded that there were complaints three or four months ago when staff first brought this up. Since that time staff has been working with the airlines to get it sorted out.

Commissioner Goosby asked if there was a cargo area which included a building, auto parking, space for trucks to dock, and aircraft parking access.



Mr. Turpen responded that there was. They are located at the north side of the terminal facilities, along the Frontage Road - just past United Airlines, where the old Pan Am building used to be.

Commissioner Goosby asked if those areas are owned by the airlines.

Mr. Turpen responded that they were not. He said that the airline's leases expired and the Airport took the property over. Those areas are being leased back to the airlines for a period of only five years because staff is anticipating a future use for that space.

Mr. Turpen said that the Master Plan is going to look at another alternative whereby a central operator would be used as opposed to this conglomeration of operators.

Commissioner Fleishell declared the Public Hearing closed at 9:37 A.M., there being no further comments.

\* \* \*

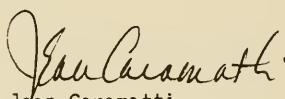
K. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:37 A.M. to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

MARCH 4, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

March 4, 1986

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I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

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Minutes  
of the  
Airports Commission Meeting

March 4, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:

Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

\* \* \*

K. CLOSED SESSION:

The meeting recessed at 9:02 AM to go into closed session and reconvened at 9:50 AM.

Mr. Don Garibaldi, Airports General Counsel, said that the Airports Commission was in closed session to discuss matters of litigation with the City Attorney.

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 4, 1986 were adopted by order of the Commission President.

No. 86-0049

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 86-0048 regarding the settlement of a litigated claim at the closed session of February 18, 1986.

\* \* \*



#### E. DIRECTOR'S REPORTS:

1. Status Report Concerning Supplemental Noise Abatement Regulation to Airports Commission Resolution No. 78-0131

Mr. Lou Turpen, Airport Director, said that staff is working, at the direction of the Commission, on a follow-up regulation to the Airport's Commission's original noise regulation adopted in 1978. This regulation will be presented to the Commission in draft form at the March 18 Commission meeting as a Director's Report. It will subsequently be presented to the Airport Community Roundtable on April 2nd after which time the testimony from the Roundtable meeting will be made available to assist the Commission with their deliberations and their decision concerning this potential noise regulation.

2. Status of Proposed Smarte Carte Trial

Mr. Turpen said that on January 29th staff proposed a four week test on the luggage cart concession be conducted around the time of school spring break. He said that as the Commission is aware, we have had some difficulty with persons at the Airport either attempting to vend the carts outside of the system or taking carts from passengers and returning them for the refund. He said that a number of youths have been involved in this activity and it has had a negative impact on the Airport. For that reason staff and the Commission agreed that a test should be conducted, eliminating the 25¢ refund.

Mr. Turpen said that Smarte Carte has objected strenuously to that suggestion. Their letter outlining their concerns is attached to the Director's Report. Mr. Turpen said that his report contains the details of staff's proposal. Staff feels that if Smarte Carte is allowed to keep the quarter they can generate significantly increased revenues in the trial period and these revenues would offset the cost of hiring additional cart collectors to retrieve the carts.

Mr. Turpen told the Commission that Mr. Dan Berglund of Smarte Carte was present and would like to address the Commission on this matter.

Commissioner Goosby asked if the projected \$12,000.00 in savings for eliminating the 25¢ refund just reflected the test period.

Mr. Turpen responded that that was correct.

Mr. Turpen said that in their letter to the Airports Commission, Smarte Carte outlined an 11-point plan as an alternative to staff's plan. He said he would like to proceed with staff's plan as outlined for a period of 30 days and invite Mr. Berglund to make any comments.

Mr. Berglund said that the proposal as set forth in Ms. Gitten's letter was analyzed and it was determined that while it is true that eliminating the 25¢ refund might result in a \$12,000 savings, Smarte Carte would have a loss in anticipated revenues perhaps exceeding \$27,000. In addition to that, the anticipated costs of hiring employees to maintain the same level of service the Airport currently enjoys would total in excess of \$50,000.00. Mr. Berglund said that would include changing decals and hiring employees for adequate coverage of the Airport on a 24-hour basis, something which is stipulated in their contract.





Mr. Berglund said that the proposed elimination of the 25% refund was also looked at from liability and operational aspects. He said that there would not be as many carts available in the cart control units for passengers to rent so additional carts would have to be installed. He explained that this would be in addition to the anticipated loss in revenues, so their operating ratios would not allow them to proceed with it. They would be in a dead loss situation.

Mr. Berglund said that Smarte Carte understands that the difficulty is associated with the International arrivals area, in particular the lower level. He said that employees have been hired to work those busy hours to ensure that passengers get their refunds, that they aren't hassled, and that if someone is holding a cart they have not rented, that it gets returned to the cart control unit. He said that in Smarte Carte's response to Ms. Gittens's letter he indicated that they would be prepared, with the Airport's permission, to work with the Police Department to take further steps to solve the problem.

Commissioner Bernstein asked if the \$50,000 was per month or per year.

Mr. Berglund responded that the amount was for the test period only.

Mr. Turpen added that the test was for 30-days.

Mr. Berglund added that he outlined the number of people Smarte Carte felt would be needed to cover certain portions of the Airport, the hourly rate that they would be paid, the hours covered, and the overhead included, and the cost came to about \$43,000.00. The cost of changing details to comply with the letter brings the cost up to about \$47,000; administrative costs brings the total to in excess of \$50,000.

Commissioner Goosby asked if it is just the International Terminal where over 50% of the problem arises or is it in front of each of the terminals.

Angela Gittens, Deputy Director of Business and Finance, responded that the main problem is at the International Terminal, however, based on our Police reports there are problems in the other terminals, specifically the North. She said that 50% of the carts are rented in the International Terminal but it comprises 75% of this problem.

Mr. Turpen said that the suggestion is to address the International Terminal to see if that alleviates the problem. Our experience has been that the problem is more prevalent in the International Terminal but also exists in the North Terminal as well. The South Terminal has not been affected as much, possibly due to its configuration or the fact that it has been under construction. Mr. Turpen explained that when there's an arrival flight, passengers often will take carts out of the customs area and abandon them in the 15,000 square foot meeter/greeter lobby on the lower level of the International Terminal. Generally, this is because they are met by family and loved ones. He feels that Smarte Carte is correct to the extent that they indicate that the largest portion of the problem occurs in the International Terminal.

Commissioner Goosby said that the issue of cart retrieval is stipulated in Smarte Carte's contract and is their responsibility.

Mr. Turpen said that is correct.



Commissioner Goosby said he was sympathetic to Smarte Carte's concerns as the Airport is requesting a change to their existing contract which Smarte Carte claims could result in a potential loss of \$50,000 a month. He felt that even if it only cost \$20 a month the Airport has a moral obligation to pay the cost or give them a credit of some kind.

Commissioner Tsougarakis said that we are not asking Smarte Carte to take on added responsibility.

Mr. Turpen said that the thrust is that presently there is a reward system of 25¢ for return of carts. Smarte Carte believes that in great measure that helps get carts back into the dispensers and minimizes their problem of running all over the Airport to retrieve carts. If the reward is eliminated, Smarte Carte contends that this will cause the number of loose carts to increase dramatically, requiring more carts in the dispensers. He said this will, in effect, create the impression of a free cart system at the Airport where a person will simply grab a cart that's available, reducing revenue flow to Smarte Carte and ultimately to the Airport.

Mr. Turpen said that the question before the Commission is, does the Commission want staff to proceed with their plan as recommended; does the Commission want to proceed with the plan that Smarte Carte has recommended; or, does the Commission want us to go back to the drawing board and try to come up with something else?

Commissioner Tsougarakis said that she was inclined to let Smarte Carte proceed with their plan and put staff's suggestion in abeyance until after the trial period. She added that there should be some way of measuring the success of what Smarte Carte wants to do and then make a decision based on that as to whether or not it would be workable.

Mr. Turpen said that there are a couple of problem periods that typically revolve around school vacations, such as Easter break next month, and recommended a test be made during that time. He said that the next ideal time to run a test would be June, the beginning of the summer vacation. Staff can set up two independent tests and evaluate them both if the Commission wishes.

Commissioner Goosby suggested that the second test could be paid for with the anticipated \$12,000 savings.

Mr. Turpen reminded the Commission that Smarte Carte expects to lose revenue as well because a passenger will grab an abandoned cart rather than rent one for a dollar.

Mr. Turpen said that the Commission can either put in staff's plan or Smarte Carte's plan next month. Based on the results of that trial program the Commission can accept the plan or go to the alternate program in June.

Commissioner Tsougarakis thought it was fair enough to attempt Smarte Carte's program first.

Commissioner Goosby agreed and suggested doing one terminal.

Mr. Turpen agreed that Smarte Carte should be allowed to follow their plan and if it's not successful he will return to the Commission with a very strong recommendation to proceed with staff's plan.



Commissioner Fleishell was amazed that we are using a program developed by representatives of Smarte Carte, individuals who visit the Airport once every six months, as opposed to staff's plan.

Commissioner Tsougarakis corrected Commissioner Fleishell and said that we are not using it, we are testing it. The reason being that Smarte Carte expects to loose a lot of revenue and it will cost money to do anything else.

Commissioner Fleishell said that carts are not being sold in the International Terminal because the sterile area is inaccessible to all but arriving international passengers. Instead, carts are being moved to the other two terminals where the quarter can be refunded or the carts can be sold directly to passengers for \$1.00. He said that these individuals have been seen sitting on top of the coin return so passengers can't get their quarter back. He said that the problem is not going to be solved until there is enforcement. He felt that eliminating the 25¢ refund will solve only half of the problem.

Mr. Turpen agreed and said that possibly Smarte Carte's program, which is aimed more at enforcement, rather than a disincentive program might be the one to try. He said he was open to suggestions from the Commission as to which plan they would like implemented.

Commissioner Goosby preferred to try Commission Tsougarakis's suggestion. He said he could not vote in good conscience for a \$50,000 a month expenditure. He hoped Smarte Carte will be more diligent about collecting the carts.

Commissioner Tsougarakis asked that the measures be agreed upon before the test begins.

Commissioner Fleishell asked when the Airport will get the carts that were promised when the Commission approved this bid.

Mr. Berglund responded that that issue would be addressed by Mr. Pastean and that he was not prepared to speak to the subject.

Commissioner Fleishell asked Mr. Berglund to check with Mr. Pastean and report back to the Commission.

Mr. Turpen reminded the Commission that there was a representation made to the Airports Commission when this item was rebid that the design of the cart would be modified to an L shape to more easily accommodate luggage, especially at a terminus airport like San Francisco which tends to have larger volumes of luggage. Smarte Carte committed to that L shape design and committed to install it in San Francisco. Commissioner Fleishell's question is that since it has been a couple of years, where is it? He asked Mr. Berglund to convey the message to Mr. Pastean.

Mr. Berglund said he would.

Commissioner Fleishell said that that was part of the legal bid and if it isn't timely, we should cancel them.

### 3. Report on Boarding Area 'E' - Principal Concession Proposal

Mr. Turpen said that this is a report about a concept that staff is recommending to the Commission. He said that there are two



concession leases on Boarding Area 'E', in the vicinity of the Cookie Parlor and Ice Cream Shop, that are going to expire. Staff is suggesting that this be pulled together into a principal concession concept. He explained that this has proven to be financially attractive to the Airport and given us very high quality concessions. The information presented to the Commission shows the area being assessed, including the movement of the Ice Cream Parlor. He said that this is ten months ahead of schedule but it will take time to pull it all together and make the appropriate arrangements. The report also suggests that existing leases be extended past the Christmas holidays so as not to impact those concession revenues during that time.

Commissioner Bernstein asked what the theory was in establishing a principal concessionaire for these concessions.

Mr. Turpen responded that the theory is twofold. First of all the Commission can, if it agrees to this concept as it has in the past, specify what types of concessions and activities it wants in this area. Staff is not saying that we are going to have exactly the same concessions in the future that we've had in the past. We are saying that in a principal concession lease we can specify the types of concessions the Commission would want and then bid that lease to a single party who would incorporate all the Commission's desires into a single package. We have found that our bids have been very good in terms of financial return to the Airport on the principal concession.

Commissioner Bernstein argued that those were with million dollar deals, not a newsstand and a personalizing shop.

Mr. Turpen responded that the North Terminal Hub, which is essentially a newsstand and a gift shop, was a million dollars for some 3,000 square feet.

Commissioner Bernstein felt that the newsstand and personalizing shop might be suited for small business.

Mr. Turpen said that his recommendation is to have a principal concessionaire, however, the decision is up to the Commission. We think this is small enough that we can get MBE/WBE participation as a prime as opposed to a sub-tenant. However, we will suggest that if it is not successful that the successful bidder set aside a certain portion of their space for MBE/WBE.

Commissioner Goosby reminded Commissioner Bernstein that although the Hub had only two concessions in it, one of them went to a minority so we reached our goal.

Ms. Gittens corrected Commissioner Goosby and said that both concessionaires are minorities.

Mr. Turpen said that if the Commission thinks we should pursue this staff will return with bid specs for a principal concessionaire in Boarding Area 'E'. If the Commission doesn't think this should be pursued, we will return with individual specifications. In any event, he recommended that the existing leases be carried over past Christmas.

Commissioner Tsougarakis agreed to extending the leases into January.

Mr. Turpen said that the other question would be whether or not to have a principal concessionaire.





Commissioners Goosby and Tsougarakis agreed to a principal concessionaire.

Mr. Benny Tan said he was one of the MBE concessionaires in the North Terminal that was mentioned. He and his wife operate jewelry concessions at the Airport under the sublease program and seafood concessions under the SBE set aside program. He thanked the Commission for its support and hoped it would continue.

Mr. Tan said that almost all of the SBE set asides were awarded to MBE's/WBE's, making it a very effective program. He requested that some of the proposed space be set aside for SBE's. He felt that it would not only help the SBE's but would also be one way for the MBE's to be independent. Failing that, he requested an MBE joint venture participation be made as a requirement rather than an option. He felt that if left as an option it will end up being a sublease program.

Mr. Tan thanked the Commission for its time.

Mr. Turpen said he needs the sense of the Commission on whether or not it wants to pursue specs as a principal concessionaire or as individual concessionaires.

Commissioner Goosby felt that on the basis of our experience it should be pursued as a principal concessionaire.

Commissioner Bernstein argued that our track record wasn't based on this kind of business.

Commissioner Goosby responded that we have a small area in the Hub.

Mr. Turpen said that there is nothing that says we have to pursue this type of business arrangement although he strongly suggested we have a newsstand as part of it. He once again said that we can suggest any type of business.

Mr. Turpen suggested returning to the Commission with a principal concession outline and some suggested concessions.

\* \* \*

#### H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

The following items were called out of order and put over.

6. Award of Contract 1416AB:  
Boarding Area 'C' & Apron - \$25,501,000

Pending Human Rights Commission's written confirmation of its determination regarding the lowest eligible bidder, contract will be awarded to Trans/Bay Lathrop, A Joint Venture, for the total amount of \$22,501,000 for Base Bid plus Alternate No. 2. All other bids will be rejected.



Mr. Turpen said that for the benefit of the people who are waiting for Item #6 - Award of Contract 1416AB, the Airports Commission is putting this matter over for two weeks. He explained that the Human Rights Commission has not yet concluded its review but anticipated a decision by the March 18th Airports Commission meeting.

Inaudible comments were made from the back of the room.

Mr. Turpen said that it is the Commission's intention to have that finding available in time to make a decision at the next Airport's Commission meeting.

Commissioner Goosby said that the Human Rights Commission can be contacted directly to find out what their tentative conclusions are.

Mr. Turpen explained that the Airports Commission will not act until HRC has finalized its recommendation. This item will be continued for two weeks and is planned for the March 18th meeting.

Ron Tutor of Tutor-Saliba asked if he could receive HRC's decision so he could respond. He said he was tired of coming to Commission meetings with no knowledge of what their decision is or why.

Commissioner Tsourgarakis responded that that is why we put the item over.

Mr. Garibaldi told Mr. Tutor that he will have access to HRC's decision at the same time the Commission receives it. He said that hopefully it will be far enough in advance of the meeting to be meaningful.

Commissioner Bernstein said he will see to it that Mr. Tutor receives HRC's decision in advance. He said Mr. Tutor was entitled to have that information.

Mr. Garibaldi explained that there are legal issues that have been raised by several of the parties with respect to various protests and those are being reviewed at the same time that HRC is conducting its factual review.

Commissioner Bernstein said that this postponement is not the doing of the Airports Commission.

Commissioner Goosby added that there is nothing wrong with going to the Human Rights Commission and telling them that they ought to change their procedure and that the affected parties should be notified when the Airport is notified, out of protocol and courtesy.

The following item was called out of order for discussion. No action was required.

9. CalTrans Application for Expansion of the SFIA Computerized Ground Transportation System

Mr. Turpen explained that due to an administrative error Item #9 was not included as a Director's Report and wound up in the AOM section of the calendar. He explained that this is simply a Director's Report which talks to the fact that certain petroleum violator's escrow account funds will be available to the State of California. He said that two projects are presently being proposed. One is an expansion of our ground transportation system in an updated and



improved format; the second is to spend \$3.2-million on a remote North Bay bus/auto facility in Marin for passengers coming to the Airport. He explained that passengers will park at a remote air terminal in Marin and be bused to the Airport as part of a mass transit alternative. He will provide the Commission with more definite information as it is received.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said that he sent proposed legislation to the airports in the area dealing with an attempt by this Commission to obtain legislation forbidding the construction of residential units for subdivisions within the 65 decibel perimeter of the Airport. He said he received the legislation four days after the deadline in Sacramento had passed for the introduction of legislation. He said that the legislation cannot be introduced this year except as an emergency measure. He said that that would require a 2/3rds vote, which he did not feel it would receive. He said that another alternative was to find the author of another bill who would be willing to add this to his bill. He motioned that the Commission authorize staff to do what they can to further that legislation in Sacramento.

Commissioner Tsougarakis seconded Commissioner Fleishell's motion.

Commissioner Fleishell's motion was unanimously carried.

\* \* \*

G. POLICY REVIEW:

4. Review of Policies adopted by the Commission from January, 1970 to December, 1981.

Mr. Turpen made one correction to the February 5, 1980 item regarding prevailing wages found on the first page of the attachment. He said that this prevailing wage policy predated action by the Board of Supervisors. He explained that legislation adopted by the Board is the governing policy of the City, therefore this is redundant and should not be included.

Commissioner Goosby argued that this policy has already been adopted by the Commission and is part of the policy manual.

Mr. Turpen explained that the Board acted after the Commission adopted this resolution. Since the Commission is subject to the policies of the Board of Supervisors this policy is redundant and may even conflict with the Board's policy. He felt it best just to have one statement of policy on every issue.

Commissioner Goosby argued that the Board of Supervisors has a policy on Small Business Enterprise.

Mr. Turpen argued that the Commission's policy went further into the development of its criteria than did the Board's.



Commissioner Tsougarakis said she did not have any problem with eliminating that policy.

Commissioner Goosby was not so sure.

Commissioner Tsougarakis questioned the policy which read: "It is the policy of the Airports Commission to establish a policy..."

Mr. Turpen said he would have to take a look at that policy.

Commissioner Tsougarakis said that this established that the Commission wanted a policy but that this was not it.

Mr. Turpen responded that the policy itself was adopted at a later date.

Commissioner Tsougarakis said that this one should then be removed.

Commissioner Tsougarakis said that resolution no. 79-0005 says that "it is the policy of the Airports Commission to have a policy for the selection of architects..." She asked if this is actually a policy or is it a policy to have a policy.

Mr. Turpen responded that it is a policy.

Commissioner Tsougarakis referred to resolution 79-0419 and asked if we have a policy, and procedures for construction contract approvals manual.

Mr. Turpen responded that we do.

Commissioner Tsougarakis said that she did not think we needed that policy, either.

Mr. Turpen said he will return to the Commission with corrections and amendments to this list at the next meeting. The Commission will then be asked to affirm the list.

Commissioner Fleishell asked if there has been an agreement as to whether or not the redundant resolution on prevailing wage would be eliminated.

Mr. Turpen responded that a decision has not been made, however, Dr. Goosby will have had a chance to look at it by the next meeting.

Commissioner Fleishell said a Commission has the authority to adopt a policy more stringent than that of the Board of Supervisors. However, he said that if we intend to keep the policy the language should be identical to the Board's.

Commissioner Goosby said he would feel more comfortable if, instead of abandoning resolution, it was reworded to conform to the City's policy.

Mr. Turpen said that the wording could be changed to indicate it is the policy of the Airport's Commission to conform to City policy regarding the payment of prevailing wages.

Commissioner Goosby agreed.

\* \* \*





H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE (continued):

The following items were unanimously adopted:

5. Resolution Recommending an Increase in Rental Rates for Permitted Cargo Space

No. 86-0051

Resolution adopting rental rates for cargo handling space rented to airlines under permits.

Mr. Turpen said that this has been before the Commission several times. He recommended its adoption.

Ms. Gittens told the Commission that Jim Chamberlain of Delta Airlines sent her a letter commenting on the rental rates and since he could not attend the Commission meeting today he asked her to distribute it to the Commission.

Commissioner Bernstein asked how staff arrives at a decision to raise rates. He asked if it is an arbitrary decision, are Airport expenses up, or, do we think we could get more money.

Ms. Gittens responded that permitted cargo rates are reflected by the CPI.

Commissioner Bernstein assumed that it was then part of the lease and an arbitrary raise because of the CPI.

Ms. Gittens corrected Commissioner Bernstein and said that these particular rate increases do not refer to leases, they are 30-day permits. She said staff will be forwarding to the Commission 5-year leases for these areas which will include a provision for CPI adjustments.

Commissioner Bernstein felt that tenants should be told that all rates and rentals are subject to CPI adjustment.

Ms. Gittens said that cargo leases include that provision.

Commissioner Bernstein argued that 30-days constitutes a lease.

Ms. Gittens responded that they were not viewed in the same way.

Commissioner Bernstein did not feel that these increases should be arbitrary.

Ms. Gittens responded that the cargo rate increases have not been arbitrary. The increases in March of 1984 were based on an appraisal by the Real Estate Department. This increase is based on CPI adjustments.

Mr. Turpen reminded the Commission that at least one Public Hearing on this matter was held.

Commissioner Bernstein said that there should be a reason for increases and they should not be automatic or arbitrary.

Ms. Gittens said that the Commission should appreciate the fact that the airlines have asked us to establish a goal to have a surplus in the Airport support cost center, and cargo rates are revenue to that



cost center. In order to accomplish this, cargo rates must be kept in accordance with market prices. She said that that could be changed.

Commissioner Bernstein said he did not want to change anything. He argued that there should be a reason or the tenants should be notified, even for a 30-day lease, that the rate is subject to CPI.

Mr. Turpen explained that the tenants were notified of the rate increase.

Commissioner Bernstein argued that they were notified of the rate increase but they should be told that it is subject to CPI.

Mr. Turpen agreed.

Commissioner Fleishell said that these are 30-day permits, not leasehold interests.

Commissioner Goosby said the rates would not be raised until the permit expires at the end of the 30 days. He said that at that time the operator can cancel his permit if he is unhappy with the increase but he agreed with Commissioner Bernstein that the operator should be told about CPI adjustments.

Mr. Turpen said staff was differentiating between leases and 30-day permits. We do have the right to cancel the permits and put a new permit out at a new rate. Rather than do that we simply say this is the new rate. The tenant has the right to cancel a 30-day permit, as well.

Commissioner Bernstein again made the argument that no matter whether it is a lease or a 30-day permit, the operator should be told that the rate is subject to CPI adjustments.

Mr. Turpen said that will be included.

Commissioner Tsougarakis said that they refer to CPI in their letters so she assumed that they were told about it.

#### 7. Authorization for Pre-bid Conference - Electronic Information Services

No. 86-0052

Resolution authorizing a pre-bid conference for Electronic Information System.

Mr. Turpen said that this is for the Chronicle Video Tech system and requests authorization to hold a pre-bid conference to determine the level of interest.

Commissioner Fleishell hoped that when the specs are developed staff will require that the bidders have existing systems. He said that we do not need people learning on the job.

Commissioner Bernstein, referring back to Item #6, said that the Commission just received Delta's letter objecting to the increase and saying that they were promised a lease covering their occupancy in the cargo space area. He said information relating to an item about to be discussed by the Commission should not be handed to the Commission minutes before the discussion is to take place. He said this letter proves that the airlines want to discuss this matter.



Mr. Turpen wanted to clarify the record and said that staff has been discussing cargo rates with Delta Airlines for at least six to eight months. The fact that they don't like the increase does not mean that it hasn't been discussed.

Commissioner Bernstein said he did not care whether they like it or not.

Mr. Turpen reiterated that this has been discussed repeatedly with the airlines and previous correspondence on this very subject has been sent to the Commission.

Commissioner Bernstein said that any information that concerns the meeting should be given to the Commission at least an hour ahead of time.

Ms. Gittens apologized but explained to Commissioner Bernstein that Mr. Chamberlain intended to come to the meeting but was unable to make it. Since he could not attend the meeting he asked that his letter to her be distributed to the Commission. She said that she did not know in advance that he would ask her to do this.

The following item was put over.

8. Award of Two Professional Services Agreements:

- (1) Daniel, Mann, Johnson & Mendenhall - Consultant for the Preparation of an Airport Master Plan - \$450,000.
- (2) Jefferson Associates, Inc. - Consultant for the Preparation of an Environmental Impact Report for the Airport Master Plan - \$100,000.

Daniel, Mann, Johnson & Mendenhall will be responsible to produce a Master Plan which will reflect the highest and best use of the Airport's properties, accompanied by forecasts and possible alternative solutions to the Airport's needs for the next 15 years. Jefferson will work closely with the Airport Master Plan consultant in the preparation and approval processing of the Environment Impact Report. Duties will cover all phases of the environmental process, including the attendance of public hearing.

Commissioner Tsougarakis asked that this item be put over.

Mr. Turpen said the item will be put over and staff will respond to the Commission's questions.



The following item was unanimously adopted.

10. Renewal Options for Rental Car Concession Agreements

No. 86-0053	Five resolutions authorizing the third
No. 86-0054	one-year option for each of the
No. 86-0055	current rental car operators.
No. 86-0056	
No. 86-0057	

Commissioner Tsougarakis asked if the agencies should be differentiated on the basis of performance.

Mr. Turpen responded that they have traditionally been treated as a group. If there is a violation vis a vis their performance, remedies are available in the lease. He said that based on their performance, there's no reason not to consider them.

The following item was unanimously adopted as amended.

11. Leather Care - Termination of Lease

No. 86-0058	Resolution terminating International Terminal Shoeshine Lease (Resolution 84-0182), Leather Care.
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Mr. Walter Kaplan, representing A Step Up, said that he was just informed this morning that Leather Care is being terminated in the Central Terminal for non-payment of rent. He complained that he was given short notice of this situation. He said he did not know what the Airport's plans were or who would take over the operation on an interim basis but he did not believe that his client, Bill Jones, who submitted two previous bids for shoeshine operations, had been notified. He said he is concerned because Leather Care is intricately involved in the lease the Airport awarded for the South Terminal. He said that he previously stated that fraud has been perpetrated upon this Commission by Leather Care in terms of who they are and who the lease has been given to.

Commissioner Fleishell told Mr. Kaplan that the Commission is addressing a motion to terminate Leather Care's lease and asked how his comments relate to the issue at hand.

Mr. Kaplan responded that his concern is what is to happen to the operation in the Central Terminal and what effect does this then have on the lease that is pending for the South Terminal.

Commissioner Bernstein told Mr. Kaplan that when he uses the phrase "monkey business" and refers to something in and around the Airport he should be prepared to prove it.

Mr. Kaplan said he would be glad to stand on comments he made at the last meeting. He said his quarrel is with the staff. He asked if this is the appropriate time to ask whether rents are being paid in the South Terminal for the current shoeshine operation.

Commissioner Fleishell said that that inquiry can be made of staff. He said that this resolution does not address that issue and it is inappropriate at this time to discuss it.





Commissioner Goosby said that the memo accompanying the resolution "...requests Commission approval for a new bid call for the International operation. The terms and conditions will be the same as the current lease, however, the bid call will specify that no bid will be accepted by any party which has been in default on a lease within the past 12 months. The International Terminal permit will be effective until a new lease is bid and awarded in May. The South Terminal permit will be effective until the leased space for the South Terminal is available."

Mr. Kaplan asked who the permittee will be in the Central Terminal and how is it to be determined.

Mr. Turpen responded that this resolution authorizes the Director to determine who the permittee will be.

Commissioner Bernstein said he will endorse that. He said that the Director is running the Airport and until we have a problem we're not going to ask for outside help.

Commissioner Fleishell recommended that the language in the resolution be changed to read "that no person who is a bidder shall have held an officership or a controlling interest in a predecessor default."

Mr. Turpen said that the resolution will be amended to reflect Commissioner Fleishell's recommendation.

Commissioner Fleishell said he recently learned from staff that the people who shine shoes really don't own the business; they pay a fee to some politically adept lawyer who won the bid. He did not think the Airport should be in the business of letting people win bids to create independent contractors. Those people have no protection under any of the wage laws. He said he did not know what to do about it but felt something should be done.

Mr. Turpen said he would take a look at it.

The following items were unanimously adopted.

12. Airport Improvement Program (A.I.P. No. 7)

No. 86-0059	Resolution approving project application for A.I.P. Fund of \$8.6-million and requesting Board of Supervisors to authorize filing of Project Application and to accept the resulting grant offer.
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13. Exhibition of Chinese Qing Dynasty Porcelain from the Asian Art Museum

No. 86-0060	Requesting Airports Commission approval for the financial support of an exhibition of Chinese Qing Dynasty Porcelain from the Asian Art Museum. This requires the reallocation of a portion of funds (FY 1987-87) that were originally allocated for an Aviation Exhibition.
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14. Amendment of Conflict of Interest Code

No. 86-0061

Update of Designated Positions List in  
the Airports Conflict of Interest Code.

\* \* \*

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

15. Retirement Resolution:

San Francisco Police Chief Cornelius Murphy

No. 86-0050

16. Declaration of Emergency - Airport Contract No. 1693

Emergency Water Main Repair Plots 4, 5, and 6, UAL Hangar

No. 86-0062

Proposed resolution declaring the  
existence of an emergency in the  
failure of a water main which serves  
the United Airline Hangar at Plots 4,  
5, and 6; directing the Director of  
Airports to effect the necessary  
repairs and requesting the Controller  
to certify funds needed to effect such  
repairs.

17. Declaration of Emergency - Airport Contract No. 1694:

Telephone Manhole No. 130107B

No. 86-0063

Resolution ratifying the action of the  
President of the Commission in  
declaring the emergency and authoriz-  
ing the immediate expansion of Manhole  
No. 130107B on February 13, 1986.

18. Tenant Improvement: Hilton Elevator Modernization

Bldgs. 2 & 3, Plot 2, T-3063 - \$115,000

No. 86-0064

19. Statistical Adjustment 1986-1986 - Joint Use Billings under Lease and  
Use Agreement

No. 86-0065

Resolution adjusting 1985-86 joint  
billings pursuant to Section 101.W of  
the Airline - Airport Lease and Use  
Agreement for Tower Air, Inc.

\* \* \*



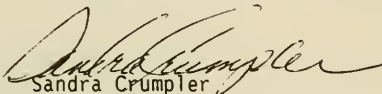
J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:49 A.M. to go into closed session.

  
Sandra Crumpler  
Acting Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

MARCH 18, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**  
President

**J. EDWARD FLEISHELL**  
Vice-President

**DR. Z.L. GOOSBY**  
**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**  
Director of Airports

**San Francisco International Airport**  
**San Francisco, California 94128**





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of the Minutes  
Airports Commission

March 18, 1986

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Minutes  
of the  
Airports Commission Meeting

March 18, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 18, 1986 were adopted by order of the Commission President.

No. 86-0068

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of resolution no. 86-0048 regarding the settlement of a litigated claim at the closed session of February 18, 1986.

\* \* \*

E. DIRECTOR'S REPORTS:

1. Report on the Recovery Plan for the San Francisco Garter Snake Adopted by the Federal Fish and Wildlife Service

Mr. Lou Turpen, Airport Director, explained that this is the final report from the Fish and Wildlife Service on their study of the San Francisco Garter Snake. He reminded the Commission that as a condition of granting a permit for the construction of the new Airport interchange, the U.S. Fish and Wildlife Service required that



a study be made of the San Francisco Garter Snake on the West of Bayshore property. That study ran for about 2-1/2 years and involved placing the fence around 188 acres of Airport land to protect the habitat. He said that the report calls for some guidelines that the Agency considers are appropriate in order to protect the habitat of the San Francisco Garter Snake. Mr. Turpen said that although these points are not binding, U.S. Fish and Wildlife requests that we incorporate them into any future plans we might have for the West of Bayshore property in order to protect the habitat of the Garter Snake.

Commissioner Bernstein asked if that meant that the Airport will be prohibited from developing that area.

Mr. Turpen responded that in effect that is correct. The habitat of the Garter Snake must be considered in any development plans. He said that there is sufficient Federal involvement in the West of Bayshore property that it would be appropriate for us to come to some agreement with U.S. Fish and Wildlife on any plans for development. He said that would include protecting against the loss of the habitat for the Garter Snake protecting against illegal entry into that site. He said they are talking about taking all dredged soil off site and depositing it elsewhere so that there will be no filling on the site which might destroy the habitat.

Commissioner Fleishell reminded the Commission that we have an agreement with the airlines which prohibits us from spending money on West of Bayshore.

Mr. Turpen said that except for maintenance, that was correct.

Commissioner Bernstein said that we just put up a fence around that area.

Mr. Turpen responded that the fence was actually put up by CalTrans. He said that all costs were paid by the State; the Airport incurred no costs. He estimated \$100,000 for the fence and the study.

Mr. Turpen reminded the Commission that the key reason they agreed to this study was that if we decide to move forward with any plans for the West of Bayshore a necessary prerequisite to those plans would be a study of the San Francisco Garter Snake. We now have the study in hand and as we develop the property we are obligated to consider the mitigation alternatives suggested by U.S. Fish and Wildlife. He said that if we disagree with them we will have to come to some agreement as to what mitigation measures would be appropriate. Mr. Turpen said these measures are not binding but certainly set the ground rules and let us know in advance what their concerns are so that we might factor them in, if possible. He said it was his understanding that if we object to the mitigation alternatives as outlined we can appeal.

Commissioner Goosby asked how long we have to appeal.

Mr. Turpen responded that he believed we had six months.

Commissioner Goosby felt that this was one more reason to move ahead with the Master Plan resolution, once the wording is changed, so we can try to incorporate this thinking into the deliberations. He added that the Master Plan does not reflect any expansion of the Airport.





Mr. Turpen said that because of the configuration of the West of Bayshore and certain drainage flow canals that exist there he felt there might be significant difficulty in preserving a habitat. He said that the question is whether the habitat that we preserve would be the one that the U.S. Fish and Wildlife envisioned.

Commissioner Tsougarakis suggested that this item be put over until the Master Plan is available for the Commission to review.

Mr. Turpen said he will continue to keep the Commission advised but this will be the final report staff will file on the study of the San Francisco Garter Snakes.

The following item was put over.

2. Airports Commission Noise Regulation.

Mr. Turpen asked that this item be put over. He explained that at the present time staff has not completed drafting the noise regulation. He said it will probably come before the Commission at the first meeting in April.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

G. POLICY REVIEW:

3. Policy Manual

Mr. Turpen said that these policies have already been approved and the Commission is confirming that these, in fact, remain the policies for the Airport. This will conclude development of the policy manual. The Commission Secretary has indicated that the manual will be available within 60 days and copies will be sent to the Commission.

\* \* \*

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted as amended to reject all bids and to rebid the contract.

4. Award of Contract 1416AB:  
Boarding Area 'C' & Aprons  
\$22,501,000

No. 86-0069

The Commission will consider bids for Contract 1416AB and will decide whether to award said contract or to reject all bids.



Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, said that this is a follow-up of previous Commission meetings which postponed a decision on the award of this contract. He said that the Human Rights Commission has made the following determinations: that the lowest numerical bidder, Tutor-Saliba, does not comply with the affirmative action program; that Williams and Burrows does not qualify for the LBE preference; and that U.N. Steel, a listed subcontractor for the second low bidder, Trans Bay/Lathrop, is not a qualified MBE. Mr. Yuen said that Tutor-Saliba has asked to substitute that subcontractor with one that has been verified as an MBE. He recommended, subject to the Human Rights Commission's approval, that the contract be awarded to Trans Bay/Lathrop.

Mr. Tutor, Tutor-Saliba, viewed HRC's recommendation to award to Trans Bay/Lathrop as one of the real public abuses of the low bid procedures inherent in the system. He said that he attended a meeting with the Human Rights Commission at which he discussed at great length his potential MBE partner, the percentage of MBE work to be done by his firm, and the so-called responsiveness or non-responsiveness of his bid proposal. He said that Mr. George Wong of the City Attorney's Office stated in that meeting that non-responsiveness on the WBE issue was not an issue but rather a subjective matter for the Human Rights Commission to determine whether or not they had the appropriate number of MBE's and WBE's. He said that at that meeting with HRC they discussed whether Universal Insulation was a qualified minority contractor. Mr. Tutor said that there was no question that Mr. Jenkins was a minority contractor. He said that his company never received a finding from HRC; they were never told that any of their minority contractors, let alone partners were, in fact, non-responsive, not qualified or unable to be utilized toward the goals.

Commissioner Goosby asked what type of contractor he was.

Mr. Tutor responded that Laine Jenkins is an insulation contractor.

Commissioner Goosby asked if, during that meeting, it was ever raised by HRC as being an important factor.

Mr. Tutor said no. He said they were never given a verbal or a written finding until it was virtually days before this meeting. They were never given an opportunity to substitute and felt that they are somehow being maneuvered out of the contract. He said that the HRC, by their own admission in a letter, has worked at great lengths with Lathrop to substitute a minority contractor, to allow the use of air sheet metal and give them a waiver when they are, in fact, not a small business enterprise and disadvantaged. The report indicates that the Human Rights Commission struggled for many weeks to work with the second bidder to find a qualified MBE. He said that even though it falls short, by working diligently together they are now closer to the goals. Mr. Tutor wanted to know what happened to Tutor-Saliba, the low bidder. He said that they were told nothing. He said that Tutor-Saliba is the legitimate low bidder and entitled to be awarded the contract but if that isn't going to happen then he strongly urged the Commission to reject all bids. He said that this is not the manner in which public works contracts should be awarded.

Mr. Turpen asked Grant Mickins of the Human Rights Commission to address the Commission.

Mr. Mickins said he would like to respond to at least two of Mr. Tutor's statements. Basically, the Human Rights Commission's roll is to evaluate all bids for all contracts awarded to all agencies. He



explained to the Commission that upon the initial review of bids the term "apparent low bidder" is used because at that point there is no way of knowing whether there has been any substance of compliance with the MBE/WBE qualifications. He said that it is correct that Tutor-Saliba was the apparent low bidder until HRC began to examine the face of the documents submitted. He said there were two or three major areas which could not be overcome with respect to the bid and the MBE/WBE participation of Tutor-Saliba. He explained that one of the basic areas was that on the affidavit, which is part of the bid submission, Tutor-Saliba listed zero for WBE participation. He said that HRC's interpretation of that must be taken at face value. A bidder cannot be allowed to add participation when they have stated that they do not intend to make such a contribution. Mr. Mickins said that that was one of the basic areas of their bid that was not curable.

Commissioner Fleishell said that the object here was to get MBE and WBE participation. He asked why someone on the HRC staff did not call Mr. Tutor when the zero was discovered.

Mr. Mickins responded that the interpretation of that zero was the subject of a discussion between HRC's staff, Mr. Tutor's representatives and Airport attorneys.

Commissioner Fleishell said that he was referring to the time when the document was opened and the zero was seen. He said that staff, knowing that this was a seasoned bidder, should have wondered whether or not it was a typo. He said that no one did anything like that until after Tutor-Saliba had been rejected.

Mr. Mickins said that is not correct. He said that considerable staff work and review was done to determine whether or not it was an inadvertent error.

Commissioner Bernstein asked if the number was supposed to be zero.

Mr. Mickins responded that there is no indication that there was any participation on the part of the bidder. He understood that Mr. Tutor's representatives subsequently indicated that they intended to make that up through some lower tier performance. Mr. Mickins explained that the rules allowed a zero but in the event that a zero is listed the rules also state that the bidder must offer compelling documentation as to why that goal cannot be met. He said that merely to list zero and have no explanation as to why it was listed presents a real problem to HRC in its approach.

Mr. Mickins said that the MBE participant, Universal Insulation, is a bonafide specialty contractor and Human Rights Commission has no quarrel with their status. However the rules clearly indicate that in the case of an MBE participant and an itemized joint venture, we require each joint venturer to identify his participation.

Mr. Mickins said that this was purported to be a lump sum joint venture and HRC requires a costing out. He said it is not sufficient for a bidder merely to state, as Mr. Tutor stated, that he intends to do a lump sum joint venture and work as a team. He said he was present at a meeting when Mr. Tutor was told of the need to cost this out. At no point did Mr. Tutor volunteer or indicate the role that this joint venture MBE was to play with respect to this bid. Mr. Mickins said that is a very important element of MBE performance. He said that the rules and regulations of the Commission very clearly indicate that the joint venture MBE must perform in the area that is



normally his performance role. He explained that in each case the bidder must indicate who the personnel contributing to this project will be, the equipment to be used, and other resources that are available. He said that even though this is a lump sum joint venture, HRC recognizes the nature of each. He said this was not done.

Lastly, Mr. Mickins explained that the specialty contractor, Universal Insulation, was going to operate as construction management, an area they were not licensed for, when they were clearly qualified to perform concrete and insulation work.

Commissioner Bernstein said that HRC had a number of meetings with Trans Bay/Lathrop and asked how many meetings were held with Tutor.

Mr. Mickins responded that he was present at one meeting. The staff was in contact with Mr. Tutor and he was in contact with his representatives by telephone. He said that that was usually the manner of contact his staff had with the Trans Bay/Lathrop group.

Commissioner Bernstein asked if the number remained zero.

Mr. Mickins said that it did and the law does not allow adding participation to the face of the document. He said that once it became obvious that the apparent low bidder could not be qualified, his staff evaluated the performance of the next apparent low bidder. Mr. Mickins said that his staff did a tremendous amount of review and spent a lot of time with Counsel to ensure that they were within their own guidelines as well as within the parameters of the State contracting laws. He urged the Commission to support his recommendation.

Mr. Robert Ward, representing Laine Jenkins, the minority participant in this joint venture, assured the Commission that he was present at all stages of these proceedings and the Human Rights Commission staff met only one time with the Tutor staff. He said the Tutor staff has not been given any assistance to this joint venture. He felt that this was not a fair and impartial decision making process by HRC. Mr. Ward said that even though the Human Rights Commission admits that Laine Jenkins is a bonafide MBE they claim he is not qualified for this job. He said that if the Human Rights Commission felt this job was too big for Laine Jenkins they are being very unfair. Mr. Ward said that Mr. Jenkins is a qualified minority contractor with over 20 years of construction background in this area. He has worked all the major city jobs - the post office, the South Terminal, and is currently working at the Airport. He said Laine Jenkins has no prime experience however most Black contractors in this area don't have prime experience. The object of these types of joint ventures is to allow a minority to gain prime-level experience. He said that no effort was made by the Human Rights Commission to meet with Tutor and Laine Jenkins to arrange for costing out of this particular project; no assistance whatsoever was given to them. He said that this type of joint venture is a means by which minority contractors can gain prime contracting experience and should be supported and assisted by the Human Rights Commission. Mr. Ward asked that the Commission either continue the matter so that further evaluation can be given to Laine Jenkins' qualifications, or, to reject all bids, rebid the contract and have a fair and impartial decision making process.

Commissioner Goosby asked if there has been any effort by the Human Rights Commission to meet with Tutor-Saliba and Universal Insulation to work out any of the deficiencies since the last Commission meeting.







Mr. Ward responded no.

Commissioner Tsougarakis asked Mr. Wong why the attempt was made to try to salvage Trans-Bay and not Tutor-Saliba.

Mr. George Wong, Deputy City Attorney, responded that the issue before this Commission is two-fold: First, whether there was compliance with the WBE goals of the program, and second, has the Human Rights Commission determined whether or not Tutor-Saliba's joint venture was bonafide and the appropriate percentage of MBE participation credited.

Commissioner Tsougarakis said the Commission needs to understand the process.

Commissioner Bernstein asked if it was true that there were several meetings with Lathrop and only one with Tutor.

Mr. Wong responded that he was present at one meeting with Tutor-Saliba and one meeting with Lathrop.

Commissioner Bernstein argued that there were other meetings.

Mr. Wong said he could not answer that question. He was present at only one meeting with each party.

Mr. Wong explained that when a bidder submits a bid, he submits his bid proposal and the HRC preform, which is an affidavit on which a bidder lists all his minority subcontractors and suppliers, as well as its WBE subcontractors and suppliers. He said that for this contract the goal was 10% for MBE and 2% for WBE. The form and the affirmative action plan provides that if a bidder fails to make the commitment, does not reach the 10% or 2% goals specified, then supporting documentation should be included with the bid indicating why the goals could not be met and the good faith efforts taken by the bidder. Mr. Wong said that when the bid opening took place and Tutor-Saliba's bid was reviewed it was seen that a zero was listed, indicating there was no participation for WBE. Mr. Wong said that he talked to Tutor-Saliba's attorneys and they told him they would give some points and authorities whereby the Human Rights Commission could waive the WBE requirement. Mr. Wong said that the law clearly states that if there is no commitment to the goals and if there is no supporting documentation indicating why the goals could not be met, that bid is non-responsive.

Commissioner Tsougarakis asked why it was permissible to make the effort to help make the Trans-Bay bid work.

Mr. Wong responded that Trans-Bay/Lathrop had the commitment; the stated MBE goal was more than 10% and the WBE goal was more than 2%. He explained that the commitment was there and the Human Rights Commission had received the preform on Lathrop's MBE participation. He believed there was one big change having to do with a steel subcontractor for somewhere in excess of \$400,000. He said that the steel subcontractor was not an MBE so an effort was made for them to substitute that subcontractor with a bonafide MBE subcontractor.

Commissioner Bernstein asked Ms. Susan Mart if she wished to address the Commission.

Ms. Mart, representing Trans Bay/Lathrop, said that they appreciated the cooperation they received from the Human Rights Commission. She



felt that the question of how many meetings the Human Rights Commission had with Lathrop and with Tutor-Saliba missed the point. She explained that Tutor-Saliba admitted that they deliberately filled in a zero commitment for the WBE requirement and deliberately failed to include the required backup in the hopes they could later make up that commitment with lower tier subcontractors. She said that is in violation of the specifications. HRC AAP, Section 25, says that failure to fill those specifications out is a material breach and a material breach cannot be waived by HRC. Ms. Mart said that it is a further a violation of the spirit of the competitive bidding act. She explained that to fill in zero means you don't have to use higher cost MBE's or WBE's; you can take whatever low bid you can find and hope to make it up later. She felt that was a violation of the spirit of what the Human Rights Commission and the Airports Commission are looking for.

Commissioner Bernstein asked Mr. Jenkins if he wished to address the Commission.

Mr. Jenkins said he is the owner of Universal Insulation. He said that a cost out was never mentioned in the meeting with HRC staff. He said that during that meeting they were asked various questions, which were answered, and at that time everything was laid out.

Commissioner Goosby asked Mr. Jenkins if, at that time, he was asked whether or not information could be provided as to why a qualified woman sub-contractor could not be found.

Mr. Jenkins responded that that was never discussed. He said that Mr. Wong disqualified him at that meeting. He said he has worked with Tutor-Saliba for five years on various projects throughout the City and has had access to the office and worked with the engineers. He said that he did about 60 percent of East Bay Mudd under Tutor's direction. He said he is qualified and capable of managing and running the job, with some assistance, at the Airport. He assured the Commission that some of the things mentioned by Mr. Mickins and Mr. Wong today were not true and that they only had one meeting.

Mr. Tutor, responding to some of the comments made earlier, said that concerning the WBE role, they filed a brief with the Human Rights Commission at the time of their meeting. Mr. Wong, at that time, seemed to think it was satisfactory. The brief explained that they filed the zero because there is a statement in the bid form that says that whoever signs, signs under the penalty of perjury. He said that they explained in that meeting, and have subsequently tendered forth WBE's in excess of 2%, that those WBE's are not direct contracts with Tutor-Saliba and they cannot swear under penalty of perjury. They are suppliers and truckers for subcontractors and other suppliers. He said that HRC has all that information and the rationale behind it. Mr. Tutor also denied ever having been asked about the cost information.

Commissioner Fleishell asked if there would be an adverse impact if all bids were rejected. He said that the last seven years since he has been with this Commission, 98% of all protests and contracts that we have put out, worth hundreds of millions of dollars, have been exactly like this...bidders do not understand the forms. He did not understand how bids could be so far apart. Realizing that, he said that this Commission changed its own bidding procedure to a bifurcated procedure, where the non-confidential bidding information would be in one envelope and opened in advance. In the event a



bidder forgot something, that error could be corrected without adversely impacting the bid. The object of competitive bidding is to attract more bidders yet he felt that the Commission always sees the same names. He felt we were driving away other potential bidders and said that unless there is a major economic impact to the Airport he was inclined to reject all bids.

Commissioner Goosby said that because of the importance of HRC's role, the MBE ordinance the City is enforcing and the attitude that the business community and the construction community have towards that ordinance, it is important to the Commission that the implementation is above any reproach or any criticism.

Commissioner Tsougarakis felt that before the bids are thrown out they should think about the fact that this is a \$22-million contract. She said that it is difficult for HRC to review and be sure that it's findings are correct and at the same time try to make sure it isn't all negative so that everybody gets turned down. At the same time it is difficult for the contractors. She said it is not an easy task and we can not expect perfection in the process. Commissioner Tsougarakis said that it is the Commission's responsibility to determine whether or not there is so much imperfection that it warrants throwing out all of the bids, or, is this good enough to go ahead with because we will lose five and a half months if we must go through the entire process again.

Commissioner Goosby agreed with Commissioner Tsougarakis's final point. He also felt that the same effort should have been made for the lowest bidder that was given to the second lowest bidder. He also questioned why it would take from 4-5 months to rebid this contract when the same specs will be used and the same contractors will rebid. He felt that the time could be shortened and that the HRC, the Airports Commission, this Ordinance and the City would benefit if this bid goes out again with a clean slate. He felt that no one could then claim that we were playing favorites, giving some party preferential treatment, or that the ordinance is not being addressed honestly because we don't adequately explain the forms.

Commissioner Bernstein asked if this was the contract where a bid was submitted one minute late.

Mr. Yuen explained that one bidder claimed that another bidder submitted his bid one minute late but that staff has determined that it was a timely submission.

Mr. Yuen told Commissioner Goosby that in order to rebid this contract staff must first prepare documents and combine all the changes and explanations.

Commissioner Goosby argued that the specifications are already done.

Mr. Yuen responded that was true, however, there are a lot of addendums to the specifications due to all the questions that were raised. He said that all those answers must be incorporated into the original documents. Furthermore, the length of time cannot be shortened because in so doing we will give those five bidders an advantage and we will eliminate all other competition. He argued that a potential new bidder could offer the argument that he did not bid before because he was too busy.

Commissioner Fleishell asked Mr. Yuen how he defined "short term".



Mr. Yuen responded one or two weeks.

Commissioner Fleishell told Mr. Yuen he could call the Associated General Contractors and the information that comes out of this meeting today will be common gossip by lunchtime in the construction industry.

Mr. Yuen argued that assuming this contract could be put out in three weeks, all MBE's and WBE's would still have to be certified. He said that it is the same process we are now going through...which took exactly two months this time. The contract must then be calendared, bringing the total time to about 4 or 5 months.

Mr. Turpen said that the Commission has his recommendation. The Commission has the right to reject all bids and direct staff to rebid the project. He said it is not in the Airport's best interest to procrastinate in rebidding the project nor to procrastinate in its completion since there are several tenants who are waiting for the space that Boarding Area 'C' will give them. He said that the Commission can, if it wishes, reject all bids and staff will rebid it and get it in place as quickly as possible.

The Commission voted unanimously to reject the Director's recommendation.

Commissioner Tsougarakis said that staff can send out a pre-call-for bid-letter explaining that the Airport will call for bids on a particular date.

Mr. Yuen said that in rejecting the bid the Commission needs to authorize staff to rebid this project. The bid will then have to be readvertized.

Commissioner Goosby said that the Commission should hold a special meeting, if need be, to expedite this.

Commissioner Tsougarakis added that she would be here to say "I told you so" as she was certain that the Commission will have to go through this all over again.

Commissioner Goosby disagreed.

Commissioner Fleishell added that just as the Commission realized that our forms were crystal clear to us, they were not clear to the public. He asked that the City Attorney appoint a task force, consisting of Airport and HRC staff, to attempt to make these forms more understandable. He said he was certain Mr. Mickins would appreciate this as it would substantially reduce the work load for his department. He asked Mr. Mickins to contact him.

Mr. Turpen explained that the individuals who bid on this contract repeatedly bid on projects at this Airport, they know the system as well as we do and have done a lot of work at the Airport. He said that all of a sudden there is this impression that we were trapped or duped. He said he wanted to make it abundantly clear that the people involved in this process have been repeatedly involved in the past. Mr. Turpen said he has no problem with rebidding this contract and will move expeditiously on it but reiterated that these were not brand new bidders who had never been involved with City business before.

Commissioner Fleishell argued that this contract was treated completely differently than prior contracts.





The following item was put over.

5. Bid-Call: Airport Contract No. 1667  
Car Wash Facilities  
Airport Maintenance Base

Resolution approving the scope, budget, and schedule for Airport Contract No. 1667, and authorizing the Director of Airports to call for bids when ready. The purpose of this contract is to install an automatic, drive-through vehicle wash facilities at Airport Maintenance Base. Contract time is 100 calendar days.

Commissioner Tsougarakis asked how many vehicles we have at the Airport.

Mr. Leon Bitners, Assistant Deputy Director, Facilities, Operations and Maintenance, responded that there are 152 vehicles that would fit into this car wash.

Commissioner Tsougarakis asked how many vehicles would have to go through a car wash in order to spend \$81,700.00.

Mr. Bitners told the Commission that staff estimates that some vehicles will require more frequent washings since they are driven on the field and get quite dirty. He said that staff estimates on an average of once every two months or about 1,000 washings per year.

Commissioner Bernstein said that the interest on \$81,000.00 would be about \$8,000 and would therefore end up costing the Airport about \$8.00 per car to wash.

Mr. Turpen asked the Commission if it was suggesting that the cars be driven off the Airport by employees four times a day for a year to get the cars washed in San Bruno. He argued that staff time is part of what we are talking about.

Commissioner Fleishell asked who would run this unit.

Mr. Turpen responded that it would be run by our auto maintenance people; there would be no additional personnel.

Mr. Turpen said that if the Commission wishes we will continue to operate in the same fashion but he recommended approval of the car wash.

Commissioner Tsougarakis asked that the item be put over to the next meeting.

\* \* \*

#### I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

6. Resolution Supporting National Dispatchers Week

No. 86-0070

Request approval be granted by proclamation supporting "National Dispatchers Week" April 6-12, 1986.



7. Travel Training for Airports Commission Representatives

No. 86-0071

\* \* \*

J. PUBLIC HEARING:

The Public Hearing was called to order at 10:00 A.M. and adjourned at 11:00 A.M. A certified court reporter's transcript of this item is attached.

8. Hearing on the Petition of Southern Air Transport on Behalf of Burlington Air Freight, Inc. for Waiver of Airports Commission Regulations and Applicable Air Operations Bulletins to Permit Operation of the Boeing 707-300C Aircraft at San Francisco International Airport

\* \* \*

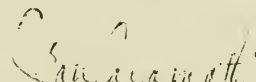
K. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 11:00 A.M. to go into closed session.

  
Jean Caramatti  
Commission Secretary



COMMENTS OF  
HUGH J. PARRY  
ON THE PROPOSED OPERATION OF Q707 TYPE AIRCRAFT  
AT  
SAN FRANCISCO INTERNATIONAL AIRPORT

My name is Hugh J. Parry. I am employed by The Parry Company, of Half Moon Bay, California and Freeland, Washington. The firm conducted the acoustical noise analyses portions of the 1979 ANCLUC study that was the basis of the present FAA approved noise mitigation plan in effect at the Airport. The firm also has prepared the semi-annual CNEL noise contours for the Airport each year since 1980.

I have been continuously employed as an aviation acoustical scientist since receiving the Bachelor of Science degree from the American Institute of Technology in 1952. I am a Certified Environmental Professional, and a Member of numerous professional societies including the Institute of Noise Control Engineers and the Acoustical Society of America. I have been requested by the law firm of Alexander, Millner & McGee to comment on the noise that would be created by operations of the Q707 type aircraft at San Francisco International Airport.



My testimony will cover the following aspects of the subject:

- 1) The noises produced by aircraft jet engines
- 2) FAA noise certification measurement locations
- 3) Noise control for aircraft jet engines
- 4) Noise exposed areas around the Airport
- 5) Comparisons with other large turbojet aircraft
- 6) The estimated effect of Q707 aircraft on the noise exposed areas around the Airport

1) Turbojet Engine Noise Sources

A turbojet engine has four major sources of noise:

1. The exhaust jet plume behind the engine.
2. The rotating compressor blades inside the forward portion of the engine nacelle housing.
3. The rotating turbine inside the rear portion of the engine nacelle housing.
4. The fuel combustion process that takes place inside a set of chambers located about midway between the two sets of blades of the compressor and turbine.

By far, the two most important of these sources are the exhaust and the compressor.

The noise produced by the exhaust is proportional to the eighth power of the velocity of the jet exhaust that comes out the back of the engine. This is an important point to remember because it is the reason why new technology engines used on newer aircraft are so much quieter - they are much larger in diameter and can exhaust much more air at relatively low velocities.





Since the noise of the exhaust is produced outside of the engine there is no way to attenuate, or reduce, it with sound absorbing materials inside the engine. This noise is also proportional to about the sixth power of the engine thrust, or power. This means, for example, that the noise produced by the jet exhaust increases, or decreases, by 6 decibels for a 25 percent change in engine thrust. This is an important point to remember in understanding how the so-called "engine cutback" procedure reduces noise.

The noise produced by the rotating compressor blades is very much like the noise produced by an ordinary propeller. It consists of a series of pure tones at relatively high frequencies (like the high notes of a musical instrument) - but not so melodious. These tones are, of course, produced within the engine housing and propagate forward through the engine inlet and aft through the fan exhaust duct.

## 2) FAA Noise Certification Measurement Locations

When a turbojet aircraft is tested to determine if it meets the FAA noise certification regulation, its noise is measured at three locations. These are known as the Takeoff, Approach and Sideline locations. The Takeoff location is about 3.5 miles from the start of the runway. The Approach location is about 1 mile from touchdown. The Sideline location is 0.35 nautical



miles from the runway centerline for four-engine aircraft and 0.25 nautical miles for two- and three-engine aircraft. So, there are a minimum of three noise level measurements in the certification test. It is important to notice here that, since maximum thrust must be used until the aircraft is about 1000 feet above the ground, the sideline noise is not affected by thrust cutback.

### 3) Jet Exhaust Noise Control For Turbojet Engines

#### 1. Exhaust Noise Control

From the discussion above we know that the noise produced by the jet exhaust can only be controlled by controlling the exhaust velocity of the jet. In new technology engines this is done by using a very large diameter compressor and exhausting more air at lower velocities. In normal operation thrust is reduced when landing an aircraft and this is why the jet exhaust noise is so much lower at that time.

The only way to reduce noise in the older technology engines, such as used on the Q707, is to reduce thrust. This is the type of technique used in certifying the Q707 under the FAA's noise regulation.



## 2. Compressor Noise Control

The noises produced by the compressor are controlled on all turbojet aircraft engines by sound absorbing materials (SAM) installed along the various walls of the compressor inlet and outlet ducts. SAM in the inlet duct reduces the noise coming out the front of the engine. SAM in the outlet ducts reduces the noise that comes from the outlet duct along the rear side of the engine.

## 3. Q707 Noise Control

The Q707 uses both SAM and thrust cutback for noise control, plus reduced flap extension during the landing approach which reduces the amount of engine thrust during that phase of flight.

For the Q707 it can be deduced that the effectiveness of the SAM during takeoff conditions is about 2 decibels because this is the amount of reduction achieved at the sideline location where no thrust reduction is used. This and other Q707 values are from a technical paper prepared by the engineering vice president of the engine noise control system developer. Therefor, during the



takeoff ground roll of the aircraft it will be 2 decibels below the noise level produced by an unmodified B707 aircraft. A 10 decibel reduction is needed to be perceived as being half the noise.

According to that same paper, during approach to landing where the compressor noise tends to dominate the reduction achieved is much greater - 6.3 decibels.

Also, the takeoff noise levels are reduced by a reported 9.8 decibels using thrust cutback. Since 2.1 decibels can be accounted for from the sideline data as being due to the SAM, 7.7 decibels must result from the cutback. This will result in actual practice only if cutback is used. Otherwise, the reduction relative to an unmodified 707 aircraft is only 2.1 decibels.

From the earlier description of the relationship between engine thrust and exhaust noise levels it can be shown that the thrust reduction to achieve 7.7 decibels less noise must be about 35 percent. This means that the aircraft is using only about 65 percent of normal takeoff thrust during this critical time. In effect, this 65 percent is less than the thrust of three of the four engines. If cutback is not used the Takeoff noise level at the 3.4 mile certification point will be 115.3 EPND B according to that same technical paper.





#### 4) Noise Exposed Areas Around The Airport

Noise exposure in the state of California is measured in terms of the cumulative metric known as CNEL. The Parry Company prepares contours of constant CNEL for the Airport on a semi-annual basis. CNEL is a measure of the total annual noise based on a 24-hour interval with 5 and 10 dB penalties for evening and nighttime noises.

There are four residential areas around the Airport that are exposed to CNEL values that exceed the State criterion level of 65 CNEL.

##### 1. Foster City

Foster City is mainly exposed to noises from aircraft on approach to the Airport. Engine thrust levels are typically at 35 to 55 percent of Takeoff thrust so that jet noise is quite low. Compressor noises tend to dominate this phase of flight.

##### 2. Millbrae

This area is occasionally exposed to flyover noises from aircraft departing on Runway 19 to the south during unusual weather conditions. Most usually the area is



COMMENTS BY  
MR. JACK SHANNON  
TO  
SAN FRANCISCO AIRPORT COMMISSION  
MARCH 18, 1986

I am Jack Shannon, president of SHANNON engineering, inc.

I would like to make a statement regarding Quiet 707 operations into San Francisco International Airport.

I am an engineer, an aerodynamicist by training. I am a business man by experience. Perhaps more important to this particular issue, I am the inventor of the Quiet 707.

As an engineer, I have learned to respect the facts. As a business man, I have learned to respect the opinions of others. My association with the Quiet 707 has given me a very unique perspective.

Noise is an intrusive, annoying environmental problem that demands attention. We sympathize with airport managers who balance economic benefits to the community with the need to manage airport noise. Theirs is not an easy job. Wherever possible, we have been supportive of their efforts. In 1982, we certified a procedure that satisfied the Port Authority of New York's local noise rule.

It is however, necessary for me to address several misconceptions regarding the Quiet 707.

It has been said that the retirement of the Boeing 707 was greeted "warmly by every person knowledgeable in the aviation industry," and that the airplane was "too noisy and fuel inefficient to continue to operate in modern fleets."

Those statements are simply not factual.

I will address the efficiency of the airplane first. Operators of Quiet 707's are meeting an economic need. They are transporting the traveling public and providing air freight services to our modern society. No other airplane today matches the Quiet 707's unique long range and payload capacity.



exposed to jet noise from aircraft departing to the north on Runway 01. (Residents often refer to this type of noise as "back-blast.") Obviously, power cutback cannot be used while the aircraft is on the runway so that this area would be exposed to the full takeoff noise.

### 3. Shoreline

This area is exposed to noises of aircraft using the right-hand turn after lift-off from Runway 28. Because of a long-standing concern on the part of pilots with the presence of San Bruno Mountain it is doubtful if a power cutback could, or would, be used during this type of departure.

### 4. San Bruno Gap

This is the area that would be directly under the aircraft executing a power cutback type takeoff. Without power cutback Q707 levels would be typically the 115.3 mentioned previously. With cutback of the type used in the certification test on the airplane they would be 105.5 EPNDB.

### 5) Comparisons With Other Part 36 Aircraft

We reviewed the Part 36 certification noise levels for all turbojet aircraft over 75,000 lbs. to provide a comparison with the Q707. Of the 31 different types of aircraft in this category we found the following:



1. The maximum full thrust Takeoff noise certification value was 4-6 dB lower for all compared to the estimated value for the Q707.

2. Two aircraft had Takeoff noise certification values equal to the Q707 value of 105.5 EPNDB. These two did not exceed their Takeoff certification limits. The Q707 exceeds its Takeoff certification limit by 2 EPNDB.

3. The Q707 sideline noise level is essentially equal to that of the four-engined B747 aircraft and 6dB above the level for the re-engined DC8-71 aircraft.

4. Five of the thirty-one aircraft are noisier on approach to landing.

Note also that FAR Part 36 specifically states "No determination is made, under this part, that these noise levels are or should be acceptable or unacceptable for operation at, into, or out of any airport."





#### 6) Effect of the Q707 on CNEL Contours Around the Airport

CNEL contours establish the number of residences exposed to noise levels exceeding the criterion level of 65 CNEL. The noisier aircraft in a mix of aircraft will tend to control the CNEL values, the size of the contours and the number of noise exposed residences. This fact is a result of the logarithmic nature of the CNEL and sound levels in general.

From the above discussions we estimate that the Q707 aircraft, operating at San Francisco would have the following effect on the CNEL values around the Airport:

1. Foster City - No significant change.
2. Millbrae - A significant increase.
3. San Bruno Gap - A significant increase.
4. Shoreline - A significant increase.

In summary, my analyses lead me to the conclusion that the introduction of Q707 type aircraft at San Francisco International Airport will lead to higher noise levels in the surrounding communities.



Statement  
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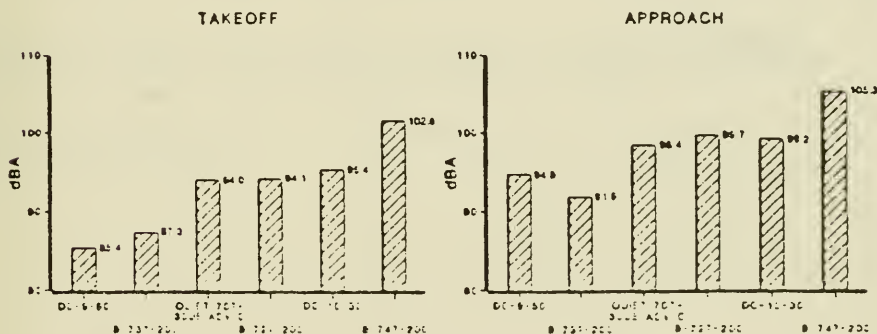
As to the airplane being "too noisy," and that people "have come to question the accuracy the Federal Aviation Agency noise procedures:"

FAA noise tests are extremely complicated and expensive. To accomplish our test it required thirty people, two airplanes and a week at a remote site. Because of the high visibility of the Quiet 707, our work was monitored by two Federal Aviation groups, an independent noise consultant, and an independent expert within the Department of Transportation.

The Quiet 707 has since been certificated to similar standards by other countries, including the United Kingdom, Egypt, and Brazil.

I am confident the test and results are accurate.

Let me refer to a chart of dBA. This is a standard used by airport authorities to measure community noise:





Note that the Quiet 707 compares favorably with other airplanes operating out of San Francisco International Airport. The facts are, it is not "noisy" as some have claimed.

It has also been said that the "Federal Aviation test procedures are not appropriate to San Francisco International Airport."

Federal Noise procedures are consistent with those of the European Community through an organization known as ICAO. Compliance with these criteria assure all airplanes are tested and compared to the same standard.

People around the world enjoy a uniform system of measuring and presenting noise.

Finally, it has been said that "experienced pilots" have determined "that a particular San Francisco International Airport departure cannot be accomplished if one used the thrust cutback the Federal Aviation Agency permits in its noise testing procedure."

The Quiet 707's performance in takeoff with or without cutback or on approach is identical to any other airplane. The Federal Aviation standards assure certain levels of performance for all aircraft.

I will end my statement with a plea that we pursue a solution based on fact. To impose a local noise rule pre-empting Federal Standards will create an additional and unfair economic burden. A burden that aircraft manufacturers, aircraft operators and ultimately the traveling public will have to bear.

In cities around the world the Quiet 707 is a good neighbor. It brings to those communities unequalled service and economic benefits. It is a quiet neighbor.

I believe the Quiet 707 should operate at San Francisco International Airport.



SAN FRANCISCO INTERNATIONAL AIRPORT

MEETING OF THE AIRPORTS COMMISSION

---oOo---

SAN FRANCISCO CITY HALL, ROOM 282

SAN FRANCISCO, CALIFORNIA

Tuesday, March 18, 1986, 10:00 a.m.

ORIGINAL

Taken Before CHARLOTTE CERVANTEZ, Notary Public

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HONORABLE J. EDWARD FLEISHELL, Vice-President

HONORABLE DR. Z.L. GOOSBY, Commissioner

HONORABLE ATHENA TSOUGARAKIS, Commissioner

LOUIS A. TURPEN, Director of Airports

DONALD GARIBALDI, Airport General Counsel

JEAN CARAMATTI, Airports Commission Secretary

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P R O C E E D I N G S

MS. CARAMATTI: Item 8 is a Public Hearing on the petition of Southern Air Transport on behalf of Burlington Air Freight, Incorporated for waiver of Airports Commission Regulations and applicable Air Operations Bulletins to permit operation of the Boeing 707-300C aircraft at San Francisco International Airport.

MR. TURPIN: Mr. President, members of the Commission, Mr. John Simpson is here, Kelly Brian Warren, on behalf of Burlington Northern, and I believe he would like to make some introductory comments or make a presentation on behalf of Burlington Northern.

JOHN SIMPSON

MR. SIMPSON: Thank you, members of the Commission. I want to thank you at the outset for the opportunity to speak to you today on the matter which is of grave importance to us. I'd like to make it quite clear right at the outset that we are not here asking for any kind of special treatment, any kind of special favors or anything special in any way.

MR. BERNSTEIN: Before you start, Mr. Simpson, may I ask one question?

MR. SIMPSON: Surely, go ahead.

MR. BERNSTEIN: Did you fly out on Burlington Northern?

MR. SIMPSON: No, sir, I didn't. It's a



1 freight carrier.

2 What we are asking is that we be treated the  
3 same as everybody else that's now operating at the  
4 airport, and that we be judged by the same standards. We  
5 think we meet your standards; we know we meet your  
6 standards.

7 Your resolution on noise says nothing more  
8 than that aircraft have to meet, by January 1 of 1985, the  
9 stage two standards set by the F.A.R., Federal Aviation  
10 Regulations of the F.A.A. We meet those standards in  
11 every way. The question has arisen, though, that the  
12 standards of the F.A.A. in certifying this airplane  
13 include a so-called cutback on takeoff and a so-called  
14 trade-off.

15 Now, the first one, is that when you take off  
16 in the plane you give it full power to start. Then at  
17 some stage, about 1500 feet perhaps, you cut back the  
18 power a little bit and go into a climb mode. The F.A.A.  
19 standards provide for that. All aircraft -- not just  
20 ours, but all aircraft -- are tested according to that  
21 cutback.

22 The second feature in the F.A.A. standards is  
23 what they call a trade-off. That is, they take a reading  
24 at three places. They take a reading on approach, they  
25 take a reading on landing approach, and on takeoff, and on  
26 the sideline. If you do not meet one of those, they allow  
27 a trade-off of two points, assuming that the total of the  
28 three does not exceed the total of the standards.



1           Every 737, every 727, every DC-9 is certified  
2 exactly the same way using that cutback on takeoff. Most  
3 of them are certified using the trade-off.

4           Now, the F.A.A. has calculated -- and it's in  
5 our papers too -- that 60 percent of the aircraft that  
6 operate out of this airport, or 60 percent of the  
7 "departures" that are operated, are with 727's, 737's  
8 and DC-9's, which use the cutback or to trade off or both.

9           Now, if you look at individual carriers,  
10 United Airlines, 78 percent of their departures are with  
11 that type of aircraft. At Braniff 100 percent. So, if  
12 you applied this standard, that you cannot use a cutback  
13 or a trade-off, you would have to get rid of some 60  
14 percent of the departures that there are at this airport.

15           Now, we understand that you have a problem  
16 here with noise. We understand that the community has a  
17 problem. And we want to be good citizens. What we have  
18 suggested is that if the trade-off is the problem, we will  
19 cut back the weight of the airplane, and we will reduce  
20 the weight by 15,300 pounds, and we will then meet the  
21 noise standards without any trade-off.

22           We would put that forward as a compromise and  
23 an offer to resolve this thing -- even though we feel that  
24 we don't really need to do that, because we meet all the  
25 standards. We feel that we're perfectly legal, we don't  
26 need a waiver; but in order to resolve this and to get on  
27 with it, we would be very happy to do that.

28           MR. GOOSBY: Do what? Repeat that again.





1 MR. SIMPSON: If we reduce the weight of the  
2 aircraft by 15,300 pounds, we will then meet the F.A.R.  
3 standards, F.A.R. 36, without the necessity for this  
4 trade-off that I'm speaking of.

5 Even though, you must realize, that many of  
6 the aircraft you have operating here now use that  
7 trade-off. But we'll waive that right, and we'll cut back  
8 to 305,000 pounds if that will solve the problem.

9 Now, I'd like to say that the Load Balance  
10 Report -- which is filled out for each flight -- is a  
11 federal form, and it's a federal crime to falsify it.  
12 We'd be glad to let you inspect those at any time. If you  
13 want, we would be glad to have an officer of the company  
14 that operates the aircraft certify to you each month the  
15 exact weight of each takeoff so that you can monitor this.  
16 You could see that we're actually complying. I assure you  
17 we will comply with it.

18 This is a matter of very grave importance to  
19 us. In reliance on the resolution which you have and in  
20 others throughout the country, we've invested  
21 approximately \$45 million in these aircraft, and they  
22 simply cannot be operated successfully out of Oakland.

23 We're trying that now, and frankly, it's a  
24 disaster. There's a number of reasons why that's true.  
25 97 percent of our business comes from the area west of the  
26 bay, only three percent east of the bay. In addition, 50  
27 percent of our business is international, and that has to  
28 go out of San Francisco International Airport, where you



1 have the international departures.

2 But most important of all is the fact that in  
3 order to get the cargo over to Oakland by truck, we have  
4 to cut off our pickups. We have to pick up as early as  
5 3:00 or 3:30, while our competitors can pick up at 5:00  
6 or 5:30. The cargo business is such that everybody waits  
7 until the end of the day to ship and if you don't get....  
8 If you don't have a late pick up, you're dead.

9 We've calculated that in business we can  
10 actually trace, it's cost us half a million dollars in  
11 January, because of this early cutoff, in order to move  
12 over Oakland. So, this is a critical thing to us. We  
13 simply can't operate out of the bay area unless we have  
14 it.

15 This is very frankly one of the reasons why  
16 we're hoping we could be a -- make an accommodation with  
17 you and the good people who have this noise problem, by  
18 reducing the weight on the aircraft and reducing the noise  
19 very significantly.

20 I might say that we have met with some of the  
21 representatives of the community, we recognize their  
22 problem, we sympathize with it, and we'd be delighted to  
23 meet with any of them. We have a good many experts here,  
24 we have Comtran and people who make the hush kits to quiet  
25 this airplane. We have representative Shannon who did the  
26 engineering. We have a representative of Southern Air  
27 Transport that actually flies the aircraft. I believe we  
28 have someone here from TRACOR who actually did the work,



1 and we'd be glad to make any of them available to you or  
2 to any of these community people to discuss this thing and  
3 try to resolve it.

4 Finally let me just say that we operate this  
5 aircraft all over the country, and we've not had any  
6 problem with it at any of the other cities. I'd like to  
7 just read you the list of the cities where we've been  
8 operating this aircraft regularly without any complaint.

9 Portland, Seattle, Oakland, Los Angeles,  
10 Denver, Kansas City, Saint Louis, Minneapolis - St. Paul,  
11 Milwaukee, J.F.K. in New York, Buffalo, Philadelphia,  
12 Atlanta, Orlando, Miami, Houston, Dallas, Brownsville,  
13 Indianapolis, Fort Wayne, Detroit, Lorado, Chicago,  
14 Louisville and Billings.

15 None of those airports have objected to the  
16 Q-707. It meets all of the standards the F.A.A., in our  
17 opinion meets all of your standards, and we would like an  
18 opportunity to operate it as soon as possible. With that  
19 I'll cease, and if could, I'd be glad to answer any  
20 questions or respond to anything anybody else has to say.

21 MR. BERNSTEIN: Thank you very much.

22 Are there any other questions?

23 MR. FLEISHELL: I have some questions. They  
24 have to do with acquisition of the equipment, so forth.  
25 Usually lawyers don't know those answers, and it would be  
26 perhaps more helpful if I withheld my comments until you  
27 have the company official here.

28 MR. SIMPSON: We have one here. If you would



1 like to; I could call Mr. Merrill right now, and he could  
2 respond to that question, whichever way you prefer.

3 MR. BERNSTEIN: Let's wait.

4 Do you want to give it now?

5 MR. FLEISHELL: Perhaps it will be answered as  
6 other witnesses testify, and I'll withhold my comments  
7 until we get down to that point.

8 MR. BERNSTEIN: Any questions?

9 MR. GOOSBY: I just have one.

10 Did you have any comments you were going to  
11 make?

12 MR. TURPIN: Not at this point, sir. I'll  
13 hold any comments until after we hear the testimony.

14 MR. BERNSTEIN: I only have one comment,  
15 Mr. Simpson: You better not let Oakland hear what you  
16 said.

17 MR. SIMPSON: Thank you.

18 MR. BERNSTEIN: Thank you very much.

19 MR. FLEISHELL: Pardon me, let me ask you one  
20 question.

21 MR. SIMPSON: Yes, sure.

22 MR. FLEISHELL: Were you counsel with this  
23 company at the time they commenced flight operations in  
24 the Continental U.S.A.?

25 MR. SIMPSON: No, I personally was not.  
26 Whether the firm was, I believe the firm probably was.

27 MR. FLEISHELL: I see. Do you have any  
28 personal knowledge whether your firm made a check or a





1 research of the applicable noise regulations of the  
2 airports that you have just mentioned?

3 MR. SIMPSON: I think you'd have to ask  
4 Mr. Merrill that. I think they did look at them. I can't  
5 say. I did not.

6 MR. FLEISHELL: Fine, thank you.

7 MR. BERNSTEIN: Thank you, Mr. Simpson.

8 Mr. Shannon?

9  
10 JACK SHANNON

11 MR. SHANNON: I'm Jack Shannon, and I'd like  
12 to make a few comments.

13 MR. BERNSTEIN: What is your connection with  
14 this?

15 MR. SHANNON: I'm President of Shannon  
16 Engineering. Shannon Engineering began the Quiet 707  
17 program; in fact, I'm the inventor of the configuration  
18 and the modification.

19 MR. BERNSTEIN: Thank you.

20 MR. SHANNON: I'm an engineer by training and  
21 by business and by experience, and I've come to say that I  
22 am very sympathetic with local noise issues and local  
23 noise problems. In fact, quite a few years ago my company  
24 certificated a particular procedure that allowed airplanes  
25 to comply with a local noise ordinance in the New York  
26 Port Authority. A local noise ordinance, I'll point out,  
27 that was consistent with future Federal Aviation rules.

28 It is necessary for me to address some things



1 that I've heard, some feelings that I understand to be  
2 prevalent in this area on the Quiet 707. I understand  
3 that there is a feeling that the retirement of the 707  
4 from the aviation community was greeted warmly by everyone  
5 knowledgeable in the aviation industry. The airplane was  
6 reputed to be too noisy and fuel-inefficient to operate  
7 competitively in today's marketplace.

8 Neither of those statements are factual. The  
9 gentleman that you just visited with here represents a  
10 company that has operated the airplane economically. It  
11 serves a useful purpose in our modern society; in fact,  
12 it's very interesting, there is no other airplane in the  
13 world that provides that distance with that payload  
14 capability today.

15 The newer airplanes are quite different as to  
16 in their size and range. As to the airplane being too  
17 noisy, I understand, as I read the news media here, the  
18 press, that there is some question as to the accuracy of  
19 the Federal Aviation noise-gathering process and data  
20 acquisition.

21 F.A.A. noise tests are extremely complicated  
22 and expensive to complete. In our particular test we had  
23 over 30 people at a remote site for over a week. We used  
24 two airplanes, a large amount of equipment, and had  
25 generally very stressed nerves on the test because of the  
26 complexity of doing the test.

27 It requires a particular kind of atmosphere  
28 that you cannot order, you must wait until it happens, in



1 terms of humidity and temperature. Because we had so much  
2 visibility -- being the very first airplane program to  
3 complete this much of the work in this time period -- our  
4 work was monitored by two Federal Aviation groups, one in  
5 Washington and one in Seattle; an independent noise  
6 consultant; an expert within the Department of  
7 Transportation; and a consultant to our company.

8 Since we completed that work, that acceptance  
9 or that certification has been accepted by the European  
10 communities and Brazil in South America. I'm absolutely  
11 confident the results are accurate.

12 I brought with me a chart which shows the  
13 noise of the airplane in D.B.A.'s, which is the more  
14 common way to measure noise in a locale; and we have  
15 chosen here to look at a sampling of the airplanes that  
16 operate from San Francisco (indicating).

17 This side of the chart is takeoff and this  
18 side is approach. Here are the measurements that most  
19 airports use to look at noise. I say that because the  
20 Federal Aviation Regulation uses somewhat different and  
21 terribly more complicated means; but this is what you  
22 hear.

23 Here is a Quiet 707, in the middle of the pack  
24 in both cases. The airplane is simply not noisy. And  
25 these are the data, these data resulted from the study  
26 that I referred to earlier, the one I said I had a great  
27 amount of confidence in.

28 I also believe that there are so many feelings



1 that the test that I just referred to is not appropriate  
2 in San Francisco. Fortunately, the Federal Aviation  
3 Regulations are are confident with a worldwide set of  
4 regulations, those being imposed by a group called the  
5 International Civil Aviation Organization.

6 When we comply with the Federal Aviation  
7 Regulations, we have then complied with the foreign  
8 regulations; so, people around the world are protected by  
9 a consistent, strong set of fair regulations.

10 Finally, I believe that -- again reading the  
11 newspaper -- that there are those who believe the 707  
12 cannot make a particular departure out of San Francisco  
13 because of cutback or some other peculiar situation.  
14 Again because of the strong Federal Aviation Regulations,  
15 all airplanes are required to comply with the same  
16 specifications as far as the airplane's performance is  
17 concerned, whether it's cutback or climbout or anything  
18 else.

19 So, I would like to end this brief statement,  
20 and I appreciate the opportunity to come here and say  
21 these things, by making a plea that we pursue a solution  
22 based on fact, one that gives a fair shake to everyone,  
23 and treat everybody equally.

24 Two, I have a local noise rule that preempts  
25 the federal standards, simply creates an additional and  
26 unfair and economic burden; certainly a burden on people  
27 like me, who try to design airplanes and modify them to be  
28 economically viable, but ultimately an economic burden on





1 a community, in this case, San Francisco.

2 In cities around the world, the Quiet 707 is a  
3 very good neighbor. It's brings to those communities  
4 unequal service and economic benefits. I believe the  
5 Quiet 707 should be allowed to operate here. Thank you.

6 MR. BERNSTEIN: Thank you.

7 MR. TURPIN: Thank you, Mr. Shannon.

8 MR. BERNSTEIN: Any questions?

9 MR. FLEISHELL: I have one or two.

10 Mr. Shannon, are you a commercial pilot?

11 MR. SHANNON: I have a commercial pilot's  
12 license, but I don't fly commercially.

13 MR. FLEISHELL: Are you type certified for  
14 a 707?

15 MR. SHANNON: No, no.

16 MR. FLEISHELL: Fine. As I understand it,  
17 this new "Q" series, as you call it, the new Q-707,  
18 received a supplemental type certificate. Is that  
19 correct?

20 MR. SHANNON: That's right.

21 MR. FLEISHELL: And the DC-8 that you compare  
22 it with would in your chart receive an amended type  
23 certificate. Is that correct?

24 MR. SHANNON: I don't believe that. I believe  
25 it had a supplemental type certificate also. This is the  
26 Quiet Night, the program out of Southern California.

27 MR. TURPIN: The 70 Series I think he's  
28 referring to.



1 MR. SHANNON: Oh, okay. Then you're correct.

2 MR. FLEISHELL: Yes. But in adding a hush kit  
3 on the Q-707, did you have to undergo high altitude  
4 maneuvering tests?

5 MR. SHANNON: Yes, sir.

6 MR. FLEISHELL: You did. Fatigue tests?

7 MR. SHANNON: Yes, sir.

8 MR. FLEISHELL: Crosswind?

9 MR. SHANNON: Yes, sir.

10 MR. FLEISHELL: You did.

11 MR. SHANNON: Nighttime landings, downwind  
12 landings, engines operating characteristics, stalls. Four  
13 months of flying, I think 50 hours of flying.

14 MR. FLEISHELL: If I told you that speaking  
15 with the chief pilots of airlines here, that they said  
16 that they could not, flying the 707, do a quiet departure  
17 that you said that they could do, would that surprise you?

18 MR. SHANNON: Well, it would surprise me  
19 because that couldn't be a fact. It wouldn't surprise me  
20 because sometimes there's a communication problem, perhaps  
21 not unlike what we saw here for 30 minutes or so.

22 MR. FLEISHELL: Not when you're flying an  
23 airplane, there's no communication problems.

24 MR. SHANNON: Yes, sir, there can. I will  
25 have my 25th anniversary in this business this June. I've  
26 done accident investigation work, flight test, design; and  
27 because I'm a pilot, I have some appreciation for how  
28 easily people's opinions can be different from fact.



1 MR. FLEISHELL: Um-hum.

2 MR. SHANNON: I don't mean to cast any  
3 disrespect on the pilots; we all have a very difficult  
4 job, including the ladies and gentlemen on this board.  
5 But the quantitative tests done demonstrate to the  
6 satisfaction of persons such as myself, and the Federal  
7 Aviation Agency, the investor, and the buyer of the  
8 article, that it meets certain standards.

9 What a pilot feels he can't do, can't do,  
10 shouldn't do or doesn't want to do for various reasons is  
11 different. Just like what the community feels like they  
12 don't want to put up with or do want to put up with.

13 MS. TSOUGARAKIS: That's exactly our problem,  
14 Mr. Shannon.

15 MR. SHANNON: I understand.

16 MS. TSOUGARAKIS: ... is that we unfortunately  
17 have to place our concerns in the hands of the pilot the  
18 moment that he has to make the kinds of decisions that he  
19 has to make. That was just a comment.

20 MR. SHANNON: I understand. Thank you.

21 MR. TURPIN: Thank you.

22 MR. FLEISHELL: Have nothing further.

23 MR. BERNSTEIN: Thank you.

24 Captain Wally Simons.

25  
26 CAPT. WALLY SIMONS

27 MR. SIMONS: Good morning, I'm Wally Simons,  
28 I'm a Captain with a major airline. My opinions are my



1 own, not of the company. I have 12,000 hours in the 707,  
2 I have a total flight time of 32,000 hours, and I've heard  
3 some... pardon me, I've got a little bit of laryngitis  
4 this morning.

5 I've heard some misinterpretations here this  
6 morning. Somebody said United Airlines pulls back their  
7 power. That's not true. They pull it back to a normal  
8 climb power. My airline will not allow our pilots to pull  
9 the power back below normal climb power. Basically the  
10 Airline Pilots Association, which has 26,000 members, will  
11 not allow our pilots to pull the power back below normal  
12 climb power.

13 On this departure they're going to make, when  
14 they reach about 1000 feet or so, they're pulling the  
15 power back to below normal climb power. At that point  
16 they could hit an adversion, which lowers the power that  
17 they already have, or hit a wind sheer. They'll also be  
18 in a 25-degree bank, which increases the gross weight of  
19 the aircraft. That's the first thing that I figure is  
20 safety wise.

21 Number two, on landing; nobody said anything  
22 about the landing. They're using 25 degrees flap strictly  
23 to reduce the power. It won't take as much power to land  
24 with twenty-five as it does with fifty. However, there's  
25 a statement in there that says the pilot should keep the  
26 engines spun up in case he wants immediate power, because  
27 there is no thing as a flight idle.

28 In the 707, when you go to 50 flaps, it





1 automatically spins up all four engines so that you can  
2 get immediate response out of it. This particular engine  
3 at dead idle has a very, very slow rotation weight up to  
4 full power. So, if they're making an approach  
5 with 25 flaps, hit a wind sheer, and all of a sudden  
6 they're 20 knots past, what's the pilot going to do? He's  
7 going to pull the power back to idle, dead idle, or he's  
8 going to have to go around. Now, if something happens and  
9 he wants to make an immediate departure, he's got a very  
10 slow spin-up on those engines. Very slow.

11 One other item I heard was it seems like  
12 they're going to be good to you by reducing their gross  
13 weight to 305,000 pounds for takeoff. I'd like to ask  
14 them a question: If they took off in San Francisco with  
15 full gross weight, they couldn't land in Fort Wayne or  
16 somewhere else because they're going to be above their  
17 landing gross weight. So, they're reducing their weight  
18 by not taking as much fuel. They're still going to carry  
19 the same amount of cargo.

20 But you see what I mean, if you take off with  
21 full gross weight here, your maximum landing gross is two  
22 forty-seven, you're going to have to burn an awful lot of  
23 fuel between here and Fort Wayne to get down to two  
24 forty-seven. So, what they're saying is we're going to  
25 reduce our gross weight, but in fact what they're doing,  
26 they're carrying less fuel, because they have to carry  
27 less fuel to make their maximum landing gross in .  
28 Fort Wayne.



1 MR. GOOSBY: Does that make any difference in  
2 the noise factor though, whether the weight is fuel or  
3 cargo?

4 MR. SIMONS: No. That would be a help. Sure,  
5 you'll have a better climb gradient.

6 I'm sorry that these fellows, it seems to me  
7 like, they're trying to make the airport fit the airplane  
8 instead of the airplane fitting the airport. It's a  
9 beautiful airplane, they've done a lot of good engineering  
10 on it; and I feel sorry for them, that they can't meet the  
11 normal standards of using normal power. So, basically  
12 it's a safety item. Thank you.

13 MR. BERNSTEIN: Thank you, captain.

14 MR. TURPIN: Thank you, captain.

15 MR. BERNSTEIN: Mr. Duane Spence of the  
16 Hillsborough Homeowners Association.

17  
18 DUANE SPENCE

19 MR. SPENCE: Good morning. My name is  
20 Duane Spence, I am the President of the Hillsborough  
21 Homeowners Association, and today I'm a spokesman for  
22 those neighbors of the San Francisco International Airport  
23 who are working through the Airport Community Roundtable  
24 as a result of the recent settlement of litigation.

25 I'm here to urge you to reject the application  
26 for variance to Resolution 780131 and its applicable  
27 bulletins by Burlington Northern. In order to be  
28 nondiscriminatory, we urge you to likewise reject all



1 applications for variances to your resolution.

2 Since the days of the joint land use study,  
3 our group has been actively working toward airport noise  
4 mitigation and had looked forward to the deadline after  
5 which aircraft out of compliance with your regulations  
6 would be excluded from operation at the airport.

7 Presently the airport and the surrounding  
8 communities are cooperating at an unprecedented level. We  
9 regard 780131 and its A.O.B.'s as an act of good faith by  
10 the Airports Commission. Without a doubt, the most  
11 effective noise measures are on airport actions. One of  
12 the most important actions is your policy, which changes  
13 the fleet mix and gradually weeds out the worst offenders.

14 The preponderance of noise from operations is  
15 departures at the airport. Two very effective noise  
16 mitigation measures which are becoming more widely used  
17 are the nighttime departures, using Runway 10, and the  
18 shoreline departures from Runway 28. It is possible that  
19 the shoreline departure, with its inherent climbing turn,  
20 could fall victim if aircraft are allowed to operate at  
21 the airport -- which qualified marginally by using reduced  
22 power on take off.

23 Furthermore, the noise takeoffs -- I'm  
24 sorry -- the noise trade-offs allowed by the F.A.A. for  
25 airplanes to qualify under F.A.R. 36 are of no value in  
26 diminishing the noise perception by the human ear. The  
27 ears report everything that they hear to their host. It's  
28 unfortunate that Burlington Northern is so severely



1 impacted, but an examination of the facts at hand leads us  
2 to the conclusion that their predicament is not due to  
3 discrimination, but rather it is due to circumstances.

4 With all due respect, we feel those  
5 circumstances are largely brought about by their own  
6 actions. We take no comfort in their argument that since  
7 others are allowed to operate at the airport with equally  
8 noisy airplanes they should be allowed back in after the  
9 deadline. On the contrary; our position is that if there  
10 are such airplanes operating at the airport, we urge that  
11 they be eliminated from the fleet in a very timely manner.

12 Having established resolution 780131, we urge  
13 you to maintain its standards. Don't let it become  
14 diluted by allowing any exceptions to its enforcement.  
15 Thank you very much for letting me speak.

16 MR. BERNSTEIN: Thank you very much.

17 MR. TURPIN: Thank you, Mr. Spence.

18 MR. BERNSTEIN: Mr. Richard Dyer from the  
19 California Department of Transportation.

20  
21 RICHARD DYER

22 MR. DYER: Thank you, Mr. President, and  
23 members of the commission. As stated, my name is  
24 Richard G. Dyer, I'm an Airport Environmental Specialist  
25 with the California Department of Transportation, commonly  
26 called Caltrans here in California. I'm with the division  
27 of aeronautics in that agency.

28 My reason for being here today is actually





1 I've been requested by Mr. Turpin to make some of the  
2 information aware. We have no official position with  
3 regard to your action on this matter, nor the ruling under  
4 which you're using, but we do have other information which  
5 should be made known to you and kept in mind during the  
6 deliberations.

7 Caltrans and specifically the Division of  
8 Aeronautics is the caretaker of the regulation entitled  
9 Noise Standards, which applies to airports in California.  
10 My duties within the Division of Aeronautics involve the  
11 implementation of that regulation, the noise standards  
12 established, and method for describing noise. And they  
13 impose requirements on airport proprietors under certain  
14 circumstances.

15 The primary regulatory feature of the noise  
16 standards is that at the noise impact area is expected to  
17 be zero unless the airport proprietor attains a variance  
18 from the State of California. The noise impact area, as  
19 you probably are aware, is the areas devoted to  
20 residential and other noise-sensitive uses that lie inside  
21 the specified criterion noise level in the near vicinity  
22 to an airport.

23 San Francisco International Airport has  
24 requested and has been granted the appropriate variances  
25 by our department. The current variance for San Francisco  
26 attaches conditions from a previous variance, one of which  
27 states essentially that the airport shall not knowingly  
28 take actions which increase the noise impact area above



1 that in existence at the time that that prior variance was  
2 issued.

3 The requirement contained in this condition  
4 may apply to the situation which is before you now. The  
5 aircraft involved, as you've just heard testimony, is  
6 the Q-707. It has been modified to meet noise  
7 certification requirements of F.A.R. part 36, as it is  
8 required to do. The aircraft registered 105.5 decibels in  
9 the effective perceived noise level scale, which is the  
10 one that is appropriate for certification of aircraft.

11 The noise impact area for San Francisco  
12 International lies immediately under the strait-out  
13 departure path for Runways 28 Left and 28 Right. The  
14 introduction of this aircraft at San Francisco is likely  
15 to cause some additional noise in the noise impact area as  
16 referenced above.

17 I thank you, and I would answer any questions.

18 MR. BERNSTEIN: Thank you.

19 MR. TURPIN: Thank you, Mr. Dyer.

20 MR. BERNSTEIN: Thank you, Mr. Dyer.

21 Roger Chinn from the Airport Community  
22 Roundtable.

23  
24 ROGER CHINN

25 MR. CHINN: Commission, my name is  
26 Roger Chinn, I'm the Chairman of the Airport Community  
27 Roundtable. I'd like to read part of the letter that was  
28 sent to Secretary Dole at my behalf, it explains the



1 position of the round table, and it might help to explain  
2 what the round table is.

3 "The airport community roundtable is an  
4 organization of members of the County of San Mateo,  
5 City and County of San Francisco, the airport and  
6 locally elected officials from ten cities surrounding  
7 the airport. The purpose of the roundtable is to  
8 coordinate implementation of noise mitigation  
9 measures at San Francisco International Airport."

10 When the situation of the Q-707 was brought to  
11 the Roundtable's attention, we deliberated on the question  
12 of whether this would have an impact on the communities  
13 around the airport. The Q-707 and other similarly  
14 modified 707's and DC-8 aircraft would have a significant  
15 negative impact on all the persons living around the  
16 San Francisco International Airport.

17 As Mr. Dyer just indicated to you, the Q-707  
18 has a noise -- takeoff noise rating of 105.5 D.B., which  
19 is two D.B.'s higher than the allowable F.A.A. noise  
20 regulations for take off. In that takeoffs are over  
21 populated areas at San Francisco International Airport,  
22 this would create greater impact on the people around the  
23 airport.

24 The roundtable then discussed the actions that  
25 we should take. As I indicated, a letter was sent to  
26 Secretary Doyle as well as to all other elected federal  
27 and state officials in our area. The response was  
28 inadequate in that they felt that the F.A.A. had reasons



1 to allow that to happen, the use of the 707, but I would  
2 bring to your attention a ruling that took place at the  
3 City of Los Angeles. I'll read this to you verbatim.

4 "A ruling in favor of the City of Los Angeles  
5 and the Department of Airports, the United States Courts  
6 of Appeal for the 9th Circuit has affirmed District Court  
7 Judge Harry L. Hubb's refusal to grant Ecuatoriana  
8 Airlines a preliminary injunction prohibiting the city  
9 from enforcing the L.A.X. noise regulation. Equitoriana  
10 has sought to operate its Boeing 707 aircraft at L.A.X. in  
11 violation of the noise regulation. In its recent ruling,  
12 the 9th Circuit held as reasonable the District Court's  
13 determination that a municipal airport proprietor may  
14 prohibit sources of noise at its airport.

15 I ask that you consider that as a precedence  
16 for your action to not allow the Q-707's from operating at  
17 S.F.O. I'd like to conclude by indicating to you that as  
18 we all are aware, noise from San Francisco International  
19 Airport presently does impact the communities around the  
20 airport. We have complaints and litigation action on the  
21 airport, and we are in the midst of resolving many of  
22 those complaints and litigation. I think it's pretty  
23 important to keep in mind that the use of another aircraft  
24 that has already been determined to have a noisy I didn't  
25 remember standard to operate out of S.F.O. would be  
26 unacceptable, even with weight reductions, it would not be  
27 acceptable, because our present aircraft that are  
28 operating already create a noise standard, and these are





1       quiter and more efficient aircraft. Thank you.

2               MR. TURPIN: Thank you, Mr. Chinn.

3               MR. BERNSTEIN: Thank you.

4               Just two more. Mr. Robert Ironside of the  
5       City Council of Millbrae.

6               MR. IRONSIDE: My name is Carl Ironside, I'm a  
7       planning officer of the City of Millbrae. I was asked by  
8       the city council to present their feeling about this  
9       application. Millbrae's City Council has worked for many  
10      years with your airport management to achieve I a less  
11      noisy environment for parts of the cities and the city  
12      counsel feels that this application would be insistent  
13      with our mutual objectives of achieving a quieter  
14      environment. So, we would support the management's  
15      position and urge that you deny this request.

16              MR. BERNSTEIN: Thank you.

17              Mary Griffin of Millbrae, Millbrae City  
18      Council member. How are you Mary? Hi.

19              MS. GRIFFIN: Hello, Morris.

20              MR. BERNSTEIN: You haven't raised hell with  
21      me in a long time.

22              THE WITNESS: Well, I'm here today. But I  
23      hope I'm not -- I hope I'm not in conflict with you or the  
24      Commission. As Mr. Ironside has pointed out, our city has  
25      a great deal of concern about the environment immediately  
26      surrounding our city. I'm here wearing two hats, not only  
27      am I on the city counsel in the City of Millbrae, but I  
28      teach in an elementary school in the Gap where many planes



1 take off. It's many disconcerting for one to have to stop  
2 in the middle of a phonics lesson in order to -- in fact,  
3 every child in my class now says, well, let's wait until  
4 the airplane goes over so that we can hear.

5 I also represent one of the most heavily  
6 impacted areas. Some of our residents are right behind  
7 runway one. People who have told me that their houses are  
8 very well insulated, fear for their children's  
9 hearing because they must play out doors sometime. It  
10 seems to us wonderful that the round table and the airport  
11 are working together to try to reduce some of this noise  
12 impact, and it's very disconcerting to think that a  
13 company may come in and reverse the direction that we have  
14 been going, so, I would ask you please to not add any  
15 additional noise impact to our environment. Thank you.

16 MR. BERNSTEIN: Thank you. We have one of  
17 these every week, so, I'll be forced to see you again.  
18 Thank you.

19 Mr. Patrick De Young of TRACOR Aviation?

20  
21 PATRICK DE YOUNG

22 MR. DE YOUNG: My name is Patrick De Young,  
23 I'm with TRACOR Aviation, I'm the vice-president of  
24 aircraft sales. And I wanted to correct something that  
25 Roger Chinn pointed out when he read the very extensive  
26 legal opinion.

27 MR. BERNSTEIN: Would you speak into the mic,  
28 please.



1 MR. DE YOUNG: He spoke from a very extensive  
2 legal opinion of the Los Angeles airport. And that  
3 opinion was for an unhushed 707.

4 MR. BERNSTEIN: We're aware of that.

5 MR. DE YOUNG: Okay.

6 MR. BERNSTEIN: If you know.

7 MR. DE YOUNG: I thought that you thought it  
8 was not a hushed --

9 MR. FLEISHELL: No; we have a half a dozen  
10 lawyers here who keep us advised very well.

11 MR. DE YOUNG: While I'm here, I must say that  
12 it's my job to install these hush kits on the airplanes,  
13 and my customer base of all of the airlines that are  
14 making long-range plans to build up the air transportation  
15 system of our nation really depends upon the federal rules  
16 of F.A.R. stage two and also the international rules and  
17 people I've sold overseas for N.X. 16 of V.K.O.

18 When they spend a great deal of money to  
19 improve their airplanes and comply with noise, and the  
20 Quiet 707 is quiet than many other airplanes that operate  
21 out of their airport, and a company comes along that  
22 contributes to the economic well-being of your area, and  
23 that has invested 70 million bucks in their sorting  
24 facility and wants to be a good member of the community  
25 and will create an increment so small that it's hardly  
26 measureable than the one departure every night at 7:30,  
27 then it seems that it's real discrimination against the  
28 federal rules.



1 MR. BERNSTEIN: Thank you.

2 MR. TURPIN: Thank you, Mr. De Young.

3 MS. TSOUGARAKIS: Don't the federal rules say  
4 that we get to say what's too noisy for us?

5 MR. DE LONG: Except for discrimination.

6 MS. TSOUGARAKIS: Well that's not really the  
7 point, is it?

8 MR. FLEISHELL: I'd like to ask some questions  
9 of the representative of the company, to be familiar about  
10 dates of acquisition.

11 MR. TURPIN: Mr. Simpson, Commissioner  
12 Fleishell wondered if you wouldn't mind coming back up and  
13 bringing some representatives of the company to respond to  
14 some questions the commission might have.

15 MR. FLEISHELL: What is your name, sir?

16  
17 TOM MERRILL

18 MR. MERRILL: Tom Merrill.

19 MR. FLEISHELL: And your position with the  
20 company?

21 MR. FLEISHELL: Senior Vice-President and  
22 General Counsel. Unfortunately I'm one of those attorneys  
23 you referenced earlier.

24 MR. FLEISHELL: Okay, I hold the same license  
25 for over 34 years, so, I'm acquainted with the problems.

26 Were you involved in the purchase of these  
27 707's?

28 MR. MERRILL: Yes, sir, I was.





1 MR. FLEISHELL: When did you acquire them?

2 MR. MERRILL: We initially --

3 MR. FLEISHELL: The beginning date?

4 MR. MERRILL: I'm sorry?

5 MR. FLEISHELL: The beginning date.

6 MR. MERRILL: The beginning date when we first  
7 put an option on the aircraft, the 707's and other  
8 aircraft, was November of 1984.

9 MR. FLEISHELL: Where were they then located?

10 MR. MERRILL: At that time most of those  
11 aircraft were overseas, two of them were in the U.S. and  
12 were not being used.

13 MR. FLEISHELL: That's right. At that time  
14 was it your intention to add these hush kits?

15 MR. MERRILL: That's correct.

16 MR. FLEISHELL: I see. Had you done any  
17 research on the noise rules of various airports?

18 MR. MERRILL: Our research, as far as I'm  
19 aware of -- but I'm not the technical man; he had surgery  
20 today, he couldn't be here, Mr. Neff -- but we looked  
21 extensively at the federal rules and checked to make sure  
22 what those aircraft would be certified as, would be  
23 complying with, their requirements and that around the  
24 country. But again, I'm not the technical expert, I  
25 couldn't tell you if we looked specifically at various  
26 cities.

27 MR. FLEISHELL: Mr. Simpson, do you have any  
28 knowledge of that, whether the company ever addressed the



1 local noise ordinances of the various airports which you  
2 intended to land at?

3 MR. SIMPSON: No, sir, I don't personally.

4 MR. MERRILL: Mr. Simpson and his firm were  
5 not representing the company at that time in this matter.

6 MR. FLEISHELL: I see. But when you were  
7 there -- you're also a lawyer -- you're aware that local  
8 communities do have the legal right to make noise  
9 regulations, so long as they are nondiscriminatory and not  
10 in direct conflict with the F.A.A. rules.

11 MR. MERRILL: I don't think we contest that.

12 MR. FLEISHELL: Fine. But you're telling me  
13 you're not aware of whether you ever looked at our rules.

14 MR. MERRILL: I'm not aware if we ever looked  
15 at San Francisco, though all of our operators that we  
16 contracted with must look at the various city rules, and I  
17 suspect that they probably did. But I just can't answer  
18 that directly.

19 MR. FLEISHELL: Do you have anyone here with  
20 you who could tell us that?

21 MR. MERRILL: I might possibly have one of the  
22 gentleman from Southern Aviation.

23 MR. FLEISHELL: Well, it might be helpful,  
24 because I have some questions on dates.

25 MR. MERRILL: Charlie, would you?

26 Charlie Carson, with Southern Air Transport,  
27 who is our operator for this plane.  
28



CHARLIE CARSON

MR. FLEISHELL: Mr. Carson, my question to you is: Do you have any information on the subject of your firm, your company, inspecting the noise, local noise regulations of any or all of the airports that you intended to land at?

MR. CARSON: Sir, we undertook an evaluation of the 707's probably about a year before Burlington Northern did, and when we analyzed the opportunity with the aircraft and made a decision as to whether or not the airplane met the standards and also made economic sense for us, we looked at the federal regulations and we analyzed the information that was being provided to us by the modification firm of Shannon Engineering, and TRACOR, and we became satisfied that they would in fact produce an aircraft that met the standards of F.A.R. 36 stage two.

We then looked at the economics of the aircraft and came to the conclusion that the 707, the Q-707, with hush kits, was an aircraft whose time had come again, and that these airplanes that had been retired in fact had many years of useful life. We have operated under the assumption, and perhaps fallaciously, that communities could apply consistent rules.

A community could say we don't want any airplanes in here, we don't want any airplanes after midnight, or we don't want any airplanes that don't meet stage three, or we don't want any airplanes that don't meet stage two. Never in our wildest dreams did we



1 contemplate running into a situation where an airport said  
2 some airplanes that meet stage two are acceptable, but  
3 others are not, and therefore a specific model of aircraft  
4 is not acceptable. So, therefore, sir, to answer your  
5 question in a long-winded manner, we didn't perceive that  
6 a community could discriminate against certain types of  
7 airplanes that met F.A.R. 36 stage two.

8 MR. FLEISHELL: You keep using the word  
9 "discrimination," and we don't think we are discriminating  
10 if we decide to rule against you. We are eliminating all  
11 of them. It is our feeling that we are not limited to  
12 forbidding aircraft at our airport that may be less noisy.  
13 We don't think we can take the most noisy airplane at the  
14 airport now and say that anyone who isn't noisier than  
15 that can come in. We don't think that's the law, and that  
16 is not what we see are all about. Thank you.

17 MR. CARSON: Yes, sir.

18 MR. GOOSBY: Questions?

19 In your comments, would you be sure -- I guess  
20 you're going to have a list of comments you want to make?

21 MR. TURPIN: One or two.

22 MR. GOOSBY: Would you touch on the point  
23 raised that we have let the airlines that are presently  
24 coming here but who are flying in and out of the airport  
25 and what their plans are for the future?

26 MR. TURPIN: Yes.

27 MR. FLEISHELL: Can I ask a question: Is the  
28 F.A.A.'s position in the record, our record? I think it's





1 important that our record be clear, and it should be in  
2 the record from the staff, all the information that we've  
3 been provided, just so it's technically done. You're kind  
4 of watching that carefully?

5 MR. TURPIN: Yes, sir, we will.

6 MR. FLEISHELL: The F.A.A. has a position, the  
7 staff has a position, I think the attorneys have given us  
8 some advice. That should all be made technically a part  
9 of this record.

10 MR. TURPIN: And Mr. Simpson's information as  
11 well will be made part of the record.

12 MR. FLEISHELL: Yes, we've read his very  
13 competent brief at great length.

14 MR. TURPIN: It would be my intention,  
15 Mr. Commissioner, to include all the testimony here, plus  
16 all pertinent documentation from Mr. Elliott of the  
17 F.A.A., Mr. Simpson, as well as documentation generated by  
18 staff or the Airports Commission. As well, I would like  
19 to include in the record a letter I received late  
20 yesterday afternoon from Senator Pete Wilson to  
21 Secretary Dole on this very subject, and would like to  
22 include his letter as a part of the record as well.

23 MR. BERNSTEIN: Shouldn't we be given copies  
24 of it?

25 MR. FLEISHELL: Well, you might let the  
26 audience know what he had to say.

27 MR. TURPIN: Essentially the letter is written  
28 to Secretary Dole to express his support for San Francisco



1 International Airport in its effort to implement noise  
2 mitigation measures benefiting the surrounding community.  
3 He goes on to state:

4 "The Airports Commission has worked with  
5 surrounding communities, airlines and the F.A.A. to  
6 implement recommendations to reduce aircraft noise  
7 in the communities surrounding the airport, while  
8 balancing the heavy flight requirements of a large  
9 metropolitan, international airport.

10 The F.A.A.'s threat to terminate \$30 million  
11 in federal grants unless San Francisco International  
12 allows the Q-707 to operate at the airport needlessly  
13 threatens all the noise mitigation measures which  
14 we have implemented up to now. The Q-707 has a  
15 measured takeoff noise of 105.5 decibels, two  
16 decibels higher than the noise level limits  
17 established by the F.A.A. itself.

18 Contrary to some claims, the airport's  
19 exclusion of the Q707 aircraft is based on these  
20 noise levels alone and is is not discriminatory.  
21 Because most takeoffs from San Francisco  
22 International fly over populated areas, forcing the  
23 airport to receive Q-707 aircraft will needlessly  
24 increase to even more intolerable levels the aircraft  
25 noise these residential communities must suffer.

26 I appreciate the progress the F.A.A. has  
27 made in it's airport noise mitigation efforts and  
28 hope that San Francisco International Airport will



1 provide yet another example of the success of these  
2 efforts. Thank you for your consideration of this  
3 matter.

4 Sincerely, Pete Wilson."

5 MR. BERNSTEIN: I thought you said he couldn't  
6 read.

7 MS. TSOUGARAKIS: Yeah.

8 MR. TURPIN: Only things you send me, sir.

9 MS. TSOUGARAKIS: I've got one comment.

10 MR. BERNSTEIN: Then we'll take it under  
11 advisement and we'll try to have an answer for you in a  
12 couple of weeks.

13 MR. TURPIN: I want to make a couple of  
14 comments, commissioner, before you close.

15 MR. BERNSTEIN: Of course.

16 MR. TURPIN: Yes, I'm sorry, commissioner?

17 MS. TSOUGARAKIS: I just have one comment that  
18 I'd like to get covered in your comments. My  
19 understanding is that the F.A.A. is working with the  
20 airport to encourage the use of the visible shoreline  
21 departure route, and there's a notion that the cutback  
22 procedures that would be required to the rules might not  
23 be consistent with that; and I just, you know, would like  
24 to get a comment on that particular thing.

25 MR. SIMPSON: Could I respond to that, please?

26 MS. TSOUGARAKIS: Sure.

27 MR. SIMPSON: I don't want to interrupt.

28 MR. TURPIN: No; Mr. Simpson, go ahead.



1 MR. SIMPSON: What I'd likes to do, if I may,  
2 is ask Mr. Paul Griffith -- who is a pilot and is  
3 vice-president of flight for Southern Air Transport, which  
4 is flying this aircraft both for themselves and for us.

5 Paul, would you come up, please?

6  
7 PAUL GRIFFITH

8 MR. SIMPSON: Am I correct that you are a  
9 Q-707 pilot?

10 MR. GRIFFITH: That's correct.

11 MR. SIMPSON: And can this aircraft execute  
12 both the quiet aid and visual shoreline departures?

13 MR. GRIFFITH: Yes, it does. And there seems  
14 to be a misunderstanding about the cutback procedure. In  
15 both of the procedures utilized at San Francisco  
16 International they use a route that takes it or apparently  
17 a less noise-sensitive area, and also a climb gradient  
18 which gets it high and then away from the people which the  
19 noise impacts, rather than a cutback procedure. And in  
20 neither of those procedures, the quiet aid or the quiet  
21 shoreline departure, is there any cutback procedure.

22 We can fly that departure with 707's just as  
23 all other aircraft that are currently operating out of the  
24 airport can. The only differentiation is between  
25 propeller aircraft and jet aircraft draft. There is no  
26 difference between four engine jets or stage three jets,  
27 or any other. And that seems to be a misinterpretation.

28 MR. BERNSTEIN: Thank you.





1           MR. SIMPSON: Does that clear up a question  
2 that you have? At some point I would like to respond to  
3 the people, if I could.

4           MR. TURPIN: I'm sorry, Mr. Simpson, did you  
5 say you have some additional comments?

6           MR. SIMPSON: You go ahead, if you have  
7 something you want to say.

8           MR. BERNSTEIN: Are we going to take this  
9 under some advisement?

10          MR. TURPIN: Yes, sir, I think that's probably  
11 appropriate, commissioner. There's probably a lot of  
12 information I know the commission has been bombarded with  
13 on this subject from all others. I'd like to make a  
14 couple of comments, though; one, I wanted to clarify  
15 something that I may have said earlier, and want to  
16 correct and that is that advice from our attorneys on this  
17 subject would not be made part of the public record. That  
18 would be considered a confidential communication between  
19 the attorneys and the airport staff and commission.

20          There are a couple things that are floating  
21 around that I think are important. I believe is  
22 Mr. Westler here, by the way?

23          MR. WESTLER: Yes, I'm here, Lou.

24          MR. TURPIN: I just want to introduce  
25 Mr. Westler from the Federal Aviation Administration in  
26 Washington, D.C., who is in attendance at the meeting and  
27 in the past has, if you you will, come out and assisted us  
28 on another number of subjects. He's simply here today as



1 an observer.

2 Is that correct?

3 MR. WESTLER: Yes, sir.

4 MR. FLEISHELL: Lou, you might acknowledge  
5 Leonard Carusee from the office of the General Counsel of  
6 the F.A.A.

7 MR. TURPIN: I'm sorry, Leonard.

8 There were a number of comments made that I'd  
9 like to just briefly respond to. We're really not talking  
10 about one departure a day or one arrival a day. Most  
11 certainly that is the case with Burlington Northern.

12 However, there is a large market in this type  
13 of retrofit for both the DC-8 and 707. And we've seen  
14 some numbers in publications from TRACOR Shannon which  
15 would indicate the potential market as high as two to  
16 three hundred 707's in the world, and a like number,  
17 certainly a hundred or so, DC-8's.

18 So, what we do is we face the specter not of a  
19 single aircraft operation daily, but we face a specter of  
20 other operators coming to us and asking us if they can be  
21 included as well, including the Q-707 here, would most  
22 certainly offer other persons the right to come in and  
23 request the waiver as well, so that they might operate a  
24 similarly retrofitted aircraft into San Francisco  
25 International Airport.

26 We do have a takeoff noise problem at  
27 San Francisco, and it is unique to San Francisco.. When we  
28 take off on our runways, we do it over a populated area,



1 or you must execute what we commonly call the shoreline  
2 departure in order to avoid overflying South  
3 San Francisco.

4 Experienced pilots we've talked to, and I've  
5 heard from the focus at Burlington Northern now, seem to  
6 think that the way the aircraft was operated during the  
7 tests is not the way it could be operated in the real  
8 world environment of San Francisco. I've talked to  
9 probably four to six pilots on this very subject, all of  
10 them indicate that they would require much more power than  
11 is currently stated in the supplemental certificate  
12 granted by the F.A.A.

13 The aircraft itself, although having been  
14 retrofitted with a hush kit, the majority of the noise  
15 abatement on this specific airplane comes from procedural  
16 changes, flight procedural changes, and not from the  
17 retrofit itself.

18 I believe, if my memory serves, that  
19 Mr. John Mills, who came up to visit us with BB&N Labs, at  
20 one time indicated that the retrofit itself would probably  
21 be two to three E.P.N.D.B., would make a difference of two  
22 to three E.P.N.D.B. on the total noise of the aircraft,  
23 and the rest was picked up by flight procedure changes.

24 That's very important to us. The original 707  
25 I think was about 113 E.P.N.D.B. If we're talking two to  
26 three E.P.N.D.B. on takeoff due to just engine treatment  
27 with acoustical materials, you're still talking about a  
28 potential of 110 to 111 E.P.N.D.B. on takeoff on full



1 power if these flight procedure changes aren't strictly  
2 adhered to.

3 We also recognize that a pilot is in command  
4 of the aircraft, and he must make appropriate decisions  
5 for flight safety; and as such, although this aircraft was  
6 flown in a specific manner in the Arizona desert, most  
7 certainly we think the environment in San Francisco, and  
8 at least it's our information, that more than likely it  
9 would not be flown in that same manner from San Francisco.

10 There has been some comment about 60 percent  
11 of the aircraft at San Francisco International being stage  
12 two, based on some 1984 data. I'm sure that data would  
13 also reflect that an awful lot of aircraft that flew out  
14 of San Francisco were stage one as well, since the 707  
15 were still operating at that time.

16 Admittedly, the backbone of the fleet in the  
17 United States is the stage two aircraft, the question is,  
18 when we talk about cutbacks or trade-offs or both, if you  
19 you will, and we take a look at the list which you've been  
20 provided by the F.A.A., we find that there are only two  
21 aircraft on the list of 55 that are operating out of -- at  
22 San Francisco.

23 We have personally called each of the airlines  
24 sat San Francisco to discuss this point with them. And  
25 those two aircraft comprise, it is our best information at  
26 this point, 12 departures a day out of the roughly 500 to  
27 600 departures from San Francisco. So, we are talking  
28 about bringing....





1           The Q-707 petition is a petition to allow  
2 entry to an aircraft that in our view would be one of the  
3 noisier aircraft, if not the noisiest aircraft, departing  
4 San Francisco International Airport. I might call your  
5 attention to the list of the 25 aircraft that was provided  
6 by Mr. Westler's office through Mr. Simpson to us. When  
7 we checked the two aircraft that currently operate at our  
8 airport of that list of 25, without tradeoff, have its  
9 takeoff E.P.N.D.B. of 100. Now, that is five and a half  
10 E.P.N.D.B. lower than the certificated... certification on  
11 the Q-707. This generates considerably more noise energy  
12 just at five and a half E.P.N.D.B., generates considerably  
13 more noise energy. I believe it's --

14           MR. GOOSBY: Even the noisier ones are still  
15 five points under.

16           MR. TURPIN: Or three -- if you will, if you  
17 accept Burlington Northern's suggestion of 103.1  
18 E.P.N.D.B. with a weight reduction, it's still 3.1  
19 E.P.N.D.B. higher than the two aircraft we have operating  
20 on that list. That's about 104 percent more noise energy  
21 and about 24 percent louder.

22           So, what we're saying is that we think this  
23 aircraft specifically, and aircraft like it, the DC-8 with  
24 the hush kit, introduced into the environment, and  
25 operated in a real world sense, are going to introduce  
26 more noise into our environment. It will increase the  
27 size of the noise boundary. I think Mr. Dyer has  
28 commented on that.



1           It is our firm belief that this in fact would  
2 happen. My recommendation to you is of course in writing,  
3 it remains, that we not permit entry to the 707. I don't  
4 believe that we've been discriminatory in any way, shape  
5 or form in denying entry to this aircraft. Clearly the  
6 Airports Commission has set a deadline date of 1-1-85 for  
7 the exclusion of these type aircraft; and we have not,  
8 since that time, based on your instructions to me, allowed  
9 any such aircraft to operate out of San Francisco  
10 International.

11           So, that briefly concludes my comments. I  
12 know you've got the written material before you. I would  
13 invite in Simpson now, if he wishes, to come forth and  
14 make a statement.

15  
16                           JACK SHANNON

17           MR. GOOSBY: Are you the engineer?

18           MR. SHANNON: Yes I am.

19           MR. GOOSBY: Is there any movement afoot to  
20 increase the kit that will make them quieter, to increase  
21 the effectiveness of them?

22           MR. SHANNON: Yes, as I have pointed out  
23 earlier, we have done things in the past to work with  
24 local communities, and I believe what Burlington Northern  
25 has offered to do is an example of that.

26           But let me say that as I listen to this  
27 discussion here, there is a lot in this, if you'll forgive  
28 me, that's just not true. And I will support this



1 community and this board because we all have to be  
2 reasonable people, but I think we better get our facts  
3 straight.

4 I will cooperate with you or my office will.  
5 We see did do the flight tests, we did do the analysis,  
6 and I have stars all over my back from working with this  
7 gentleman in the back of the room, Mr. Westler, to  
8 demonstrate the noise signatures of the airplane. And I  
9 think, as I tried make in my little speech to you, if we  
10 can work with the facts, we'll cooperate with you and  
11 we'll work with you; but I'm hearing a lot here, and I  
12 don't think it's intentional, I think it's more of a  
13 misunderstanding that's just not true. We can do more,  
14 and I think this is an example that Burlington Northern  
15 has offered to do with the weight off load.

16 MR. TURPIN: I might suggest --

17 Thank you Mr. Shannon. I might suggest to  
18 Mr. Simpson that based on the comments that he's heard  
19 today, if there's any supplemental information he'd like  
20 to file with my office or the Airports Commission  
21 pertinent to our concern or further information for the  
22 Commission, we would appreciate receiving that information  
23 by the end of the week or at least no later than Monday of  
24 next week so the commission might have an opportunity to  
25 deliberate on it prior to making their final decisions.

26 At this point, sir, unless there's anyone who  
27 would like to address the Airports Commission for this, I  
28 suggest we conclude the public hearing portion.



1 MR. BERNSTEIN: We'll have a decision in a  
2 couple weeks.

3 MR. TURPIN: At the next commission meeting,  
4 sir?

5 MR. BERNSTEIN: Of course, yes. Yeah, yeah.

6 (Hearing adjourned at 11:00 a.m.)  
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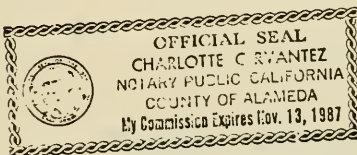


1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF ALAMEDA )  
4

5 I, the undersigned, a Notary Public of the State of  
6 California, hereby certify that the foregoing Public  
7 Hearing was taken at the time and place herein stated;  
8 that the proceedings of said Public Hearing were reported  
9 by me, a Certified Shorthand Reporter and disinterested  
10 person, and were thereafter transcribed under my direction  
11 into typewriting; that the foregoing is a full, complete  
12 and true record of said hearing.

13 I further certify that I am not of counsel or  
14 attorney for either or any of the parties in the foregoing  
15 Public Hearing, nor am I in any way interested in the  
16 outcome of the cause named herein.

17 IN WITNESS WHEREOF, I have hereunto set my hand and  
18 affixed my seal this 28th day of March 1985.  
19  
20



*Charlotte Cervantez*  
\_\_\_\_\_  
CHARLOTTE CERVANTEZ  
CSR #4486 - Notary Public  
State of California



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

APRIL 15, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

April 15, 1986

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Minutes  
of the  
Airports Commission Meeting

April 15, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:10 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 15, 1986 were adopted by order of the Commission President.

No. 86-0072

\* \* \*

Mr. Lou Turpen, Airport Director, said that a number of people from the ground transportation industry were present to address the Airports Commission. He apologized for any inconvenience and explained that the Commission did not anticipate calendaring this item today. He said that there are a number of requests to calendar a ground transportation item by a number of representatives from that industry. He said staff and the Commission felt it would be prudent to schedule it on a day when Airport staff could make a presentation as well. The Commission has set a time of next Tuesday (April 22, 1986) at 8:00 a.m., place to be announced, for an informational session. He explained that the meeting cannot be held this Friday due to the Airport's public notice requirements. In addition, Commissioner Fleishell will be out of town this Friday. Mr. Turpen encouraged people to either call the Commission Secretary later in the week to find out the location of the meeting or check the San Francisco Progress, the City's official paper, for public notices to determine the location.

\* \* \*



D. SPECIAL ITEM:

The following item was unanimously adopted by the Commission. A court reporters transcript of this item is attached.

1. Petition of Southern Air Transport on Behalf of Burlington Air Freight, Inc., for Waiver of Airports Commission Regulations and Applicable Air Operations Bulletins to Permit Operation of the Boeing 707-300C Aircraft at San Francisco International Airport

No. 86-0073

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over.

2. Bid Call - Contract No. 1667:  
Car Wash Facilities  
Airport Maintenance Base

Resolution approving the scope, budget and schedule for Airport Contract No. 1667, and authorizing the Director of Airports to call for bids when ready. The purpose of this contract is to install an automatic, drive-through vehicle wash facilities at Airport Maintenance Base. Contract time is 100 calendar days.

Mr. Turpen explained that presently we send personnel out to have the vehicles washed on a rotating basis. He said that although staff recognized the Commission's sensitivity to this issue it is felt that a car wash facility on the Airport is still the more economical way to go.

Commissioner Goosby asked if the wages, fringe benefits and maintenance of the equipment were taken into consideration against what it currently costs the Airport in time to drive off-Airport to a car wash. He said he has not seen a breakdown of the figures.

Mr. Dennis Bouey, Deputy Director, Facilities, Operations and Maintenance, responded that staff took those things into consideration. He said that staff also contacted companies with large vehicle fleets, like PG&E, the telephone company, and Chevron and they all generally acknowledge that the cutoff point is somewhere between 50 and 75 vehicles; beyond that you lose money by either washing the vehicles by hand or by sending employees out to have it done. He said that in our case we would have 174 vehicles that would be able to use this car wash.



Commissioner Goosby asked if all of these vehicles belonged to the Airport.

Mr. Bouey responded that they did.

Commissioner Fleishell said that after Commissioner Bernstein raised the question a couple weeks ago, he looked into the matter and discovered that Hertz has a car wash and would wash all of our cars for \$1,000 a month, which is less than the interest on \$81,000. He said that he owned a car wash at 3rd & Montgomery in Santa Rosa 18 years ago and learned about the high maintenance involved in operating such a facility. He said that someone would be needed full time to maintain it and the cost of maintenance is unbelievable.

Commissioner Tsougarakis said that she looked into it after the meeting as she had raised the issue and one of the things she discovered was there is a problem because of the oversize nature of the vehicles. She felt that could create a problem with Hertz.

Mr. Bouey said that there are actually a couple factors. One is the waiting time; there are certain times Hertz would like us to use the facility and those times may not always be convenient to the Airport. He did feel, however, that we could work around that problem. The second problem is that many of the Airport vehicles have lights and horns and Hertz won't be responsible for them. He said that in addition to that, a great number of these vehicles are pickup trucks and Hertz does not want that type of vehicle going through their facility. He said that what we would wind up getting is a mixed bag and he did not feel that would be very efficient. He said that staff has factored the maintenance into the cost. Mr. Bouey said sending a police officer off-Airport is not cost effective when you consider their wages and fringe benefits. He said this is the Commission's decision. The Airport has operated 30-40 years this way and can continue for another 30-40 years. Staff will try to cut the best deal it can.

Commissioner Goosby asked how much it currently costs and what it will cost if this is adopted.

Mr. Bouey responded that to send a police officer off-Airport to wash a car would cost approximately \$30.00 for the car and the officer's time.

Commissioner Goosby said he was referring to the total yearly cost. He wanted to know if it was cost effective to spend \$81,000 to build this facility.

Mr. Bouey suggested putting the item over again and staff will work out some numbers and provide them to the Commission prior to the next meeting.

Commissioner Fleishell wondered why a maintenance person couldn't take cars to the car wash rather than using uniformed officers.

Mr. Bouey responded that he would not send a police officer but that is the current practice.

Commissioner Bernstein asked if it would be advisable to try it for a month or two.

Mr. Bouey said he did not have any problem with that.



Commissioner Goosby said that if Hertz made us wait until 12:00 midnight to get our cars washed it would be rather inconvenient.

Commissioner Fleishell added that there are three companies at the Airport. If there's a will there's a way.

Mr. Bouey said that staff prepared a cost breakdown on how much water we use versus going off-Airport but felt Commissioner Bernstein had a good suggestion. He said he would see what kind of deal staff can work out with Hertz, Avis, and National. If staff can't work out something that's suitable or cost effective the matter will be brought back to the Commission.

Commissioner Tsourgarakis suggested that staff should find out if the airlines would use it and sell the service to them.

Commissioner Bernstein argued that we would then be getting into a business and we will have insurance problems.

The following items were uanimously adopted.

3. Termination of Lease:  
Leather Care - SFO

No. 86-0074

Resolution terminating South Terminal  
Shoeshine Lease (Res. 85-0332) issued  
to Leather Care - SFO.

4. Authorization for Pre-Bid Conference:  
South Terminal and International Terminal Shoeshine Services.

No. 86-0075

Mr. Turpen said that the items are self-explanatory. Item 3 talks about the termination of Leather Care's lease due to their failure to provide a performance bond. Item 4 requests the Commission's authorization for staff to conduct a prebid conference for the shoeshine facilities in the Central and South Terminals.

Commissioner Goosby asked if staff will seek a reaction on the owner/operator requirement and if that requirement was in place in other concessions at the Airport.

Mr. Turpen responded that it is included in the principal concession. He added that it was not included in the current lease as the idea came up after the pre-bid conference.

Commissioner Goosby said he would be interested in reactions to this from the pre-bid conference.

Mr. Turpen asked if the Commission wanted it to go out as one bid or if they preferred to have separate bids for the International and South Terminals.

Commissioner Bernstein felt this was a good opportunity to put two people in business instead of one.





Commissioner Fleishell agreed. He added that a month ago he found out that when this item is bid and the contract is awarded, the winning bidder turns around and hires an independent contractor who is paid a fee for shining shoes. He did not think the Airport should be in that kind of business. He felt that the winning bidder should be required to have employees, pay withholding, and give them the protection of insurance that employees should have.

Commissioner Goosby said he discovered that was the method of operation two or three years ago.

Commissioner Fleishell suggested to Ms. Gittens that this go out on a permit basis to those people who shine shoes.

5. Authorization to Award the Lease of Full Service Baggage Storage Concession to Travel Central, Inc.

No. 86-0076

6. Renewal Option for Lease of Entertainment Center/Video Game Room in the North Terminal.

No. 86-0077

Resolution authorizing the first of two one-year options of the Lease of Entertainment Center/Video Game Room in the North Terminal.

Mr. Turpen told the Commission that they are 20% over their minimum and are going to be putting in some new machines.

7. Public Parking Agreement - One Year Extension

No. 86-0078

Resolution approving one-year extension of "Operating Agreement for Public Automobile Parking Facilities at San Francisco International Airport" to Airport Parking Management.

8. Award of Airport Contract No. 1568R:  
Paving the Center Area of the Garage

No. 86-0079

Resolution awarding Airport Contract No. 1568R to Ghilotti Bros., Inc. in the amount of \$199,776.00.

Five bids were received on March 24, 1986, with the amounts ranging from \$199,776.00 to \$238,171.00.

Mr. Turpen said that a couple of years ago when staff presented the Commission with a five year plan it was suggested that the center of the garage be used as an interim taxi staging area. The reasons being that he wanted the taxis out of the garage and separated from the revenue control system. He said that this would permit us to do that.



Commissioner Goosby asked if that area is still open and if the problem of fumes has been solved. He asked if this will include an area for a coffee machine and if the catering truck was working out.

Mr. Sheldon Fein, Landside Operations, responded that there is a catering truck in that area from 6:00 a.m. to midnight and the taxi drivers are very happy.

Mr. Turpen said that there are no problems with fumes. He explained that every six months tests for exhaust are done in the garage. He still felt that moving the taxicabs out of the garage is a better measure all the way around, not only for the people who use the garage but the taxi industry itself.

9. Charter Amendment Proposal for Exemption of Deputy Chief, Airport Police.

No. 86-0080

Resolution to approve language for a Charter Amendment that would exempt the Deputy Chief, Airport Police from the Civil Service provisions of the Charter.

Commissioner Bernstein asked if this would come under Proposition D.

Mr. Turpen responded that this is a separate amendment. He explained that this asks the Board of Supervisors to place a proposition on the November ballot exempting the position of Airports Deputy Police Chief.

Mr. Turpen explained that the Airport Deputy Police Chief position essentially would be treated in the same manner as the Airport Deputy Director positions. In this instance, the Deputy Chief would be appointed by the Chief, with the concurrence of the Airport Director and the Commission.

Commissioner Goosby asked how many exempt positions there would be at the Airport.

Mr. Turpen responded that there are eight exempt positions, including the Airport Director, four Deputies, Bureau Chiefs and the Commission Secretary. He said he would double check the number.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

With the exception of Item #12, which was put over, the following items were unanimously adopted:

10. Declaration of Emergency:  
Roof Drainage Work  
International Terminal

No. 86-0081

Declaration of emergency to re-slope the roof and install new rain water drainage system in the International Terminal. New drainage system will



replace existing 32-year old drain pipes inside the original Central Terminal. Work is to be done immediately to stop water damage to the public and tenant areas below. \$47,000.

11. Airport Contract No. 1585R:  
Emergency Security Fencing Repair (1985-86)  
Type II Contract Modification

86-0082

Resolution approving contract modification to extend time of completion for an additional 12 months.

This contract provides for fence repair service on an as-needed basis.

12. Resolution Approving Modification No. 2 to Marquis/Wong & Brocchini's Professional Services Contract for Additional Work Related to the Reconstruction of the South Terminal - \$26,460.

13. Tenant Improvement:  
World Airways Passenger Facility - North Terminal  
T-3100 - \$330,000

No. 86-0083

\*

14. Tenant Improvement:  
Airport Hilton Lobby Renovation  
Plot 2 - \$550,000 - No Rental Credit

86-0084

15. Request for Approval of Travel/Training for Airports Commission Representatives.

86-0085

Commissioner Goosby asked why World Airways is moving their operation out of Oakland. He said he understood they are keeping their headquarters there.

Mr. Turpen responded that their passenger load factors in San Francisco are significantly higher than they were at Oakland.

Commissioner Fleishell added that they have connecting flights here that they did not have in Oakland.



Mr. Turpen said that they get a lot of feed and a lot more passengers. He said that SFO is larger and offers a greater market from which to draw. He added that World has been much more successful in attracting passengers at SFO.

Commissioner Fleishell asked if anything has been done about the crowding problem they have created at the ticket counters. He suggested that the area should be roped off in order to maintain an aisleway.

Mr. Turpen responded that he did not know. He said that World is moving to the North Terminal on the 25th of this month and that should alleviate the problem.

Commissioner Fleishell said that he also came across an item about an electrician who turned the electric fan on the transformer, costing the Airport \$60,000-\$70,000.

Mr. Don Garibaldi, Airport General Counsel, reminded Commissioner Fleishell that that is the subject of closed session item.

\* \* \*

H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:45 a.m. to go into closed session.

*Jean Caramatti*

Jean Caramatti  
Commission Secretary





SAN FRANCISCO INTERNATIONAL AIRPORT

MEETING OF THE AIRPORTS COMMISSION

---oOo---

SAN FRANCISCO CITY HALL, ROOM 282

SAN FRANCISCO, CALIFORNIA

Tuesday, April 15, 1986, 9:00 a.m.

CONFIDENTIAL

---oOo---

Taken Before CHARLOTTE CERVANTEZ, Notary Public

County of Alameda, State of California

C.S.R. LICENSE No. 4486

BAY AREA COURT REPORTERS  
20993 Foothill Boulevard, Suite 222  
Hayward, California 94541



1                   SAN FRANCISCO INTERNATIONAL AIRPORT COMMISSIONERS  
2  
3

4                   HONORABLE MORRIS BERNSTEIN, President

5                   HONORABLE J. EDWARD FLEISHELL, Vice-President

6                   HONORABLE DR. Z.L. GOOSBY, Commissioner

7                   HONORABLE ATHENA T SOUGARAKIS, Commissioner  
8  
9

10  
11                   LOUIS A. TURPEN, Director of Airports

12                   DONALD GARIBALDI, Airport General Counsel

13                   JEAN CARAMATTI, Airports Commission Secretary  
14  
15

16                   ---oOo---  
17  
18

19                   REPORTER'S TRANSCRIPT OF PROCEEDINGS

20                   "Petition of Southern Air Transport on Behalf of  
21                   Burlington Air Freight, Inc. for Waiver of Airports  
22                   Commission Regulations and Applicable Air Operations  
23                   Bulletins to Permit Operation of the Boeing 707-300C  
24                   Aircraft at San Francisco International Airport."  
25  
26

27                   Tuesday, April 15, 1986  
28



P R O C E E D I N G S

MS. CARAMATTI: Item one.

MR. TURPEN: Item one is the Petition of Burlington Northern Air Freight, actually Southern Air Transport on behalf of Burlington Northern Air Freight, for a waiver of Airports Commission regulations and applicable air operations bulletins to permit operation of the Boeing 707-300C aircraft at San Francisco International Airport.

It is my recommendation and contention -- It's my recommendation that the petition for waiver be denied, based on the fact that the Q-707 will be if not one of the noisiest, the noisiest aircraft operating out of San Francisco International.

As the Commission has heard in prior testimony, the aircraft certification was achieved using three mechanisms; one was sound insulating material to surround the engines, the second was a weight reduction, and the third was a power cutback. Experienced pilots have testified, and Southern Air Transport in their most recent correspondence admits, that the protocol used in the test situation would not be applicable or appropriate to San Francisco International.

We therefore suspect and believe that upon departure the Q-707 would have to use full takeoff thrust. That full takeoff thrust will add measurably to the noise level of the aircraft, as much in our opinion as eight to ten E.P.N.D.B., effective perceived noise.

This increase makes this aircraft the noisiest, according to our calculations, at San Francisco International



1 Airport. It would generate in excess of 110 E.P.N.D.B., which  
2 places it above the major aircraft that the F.A.A. states is in  
3 the inventory, which is the 747.

4 We have done comparisons of the 22 noisiest aircraft  
5 in the inventory, for full thrust noise levels, and found the  
6 707 to be at the top of that list, even at a reduced weight.

7 DR. GOOSBY: Throttle. You want to mention the  
8 throttle, please?

9 MR. TURPEN: ... with a full throttle, but at  
10 reduced weight it would still be at the top of the list.

11 We have done exhaustive research on the number of  
12 those top 22 noisiest airplanes that operate at San Francisco  
13 International and find that we only have three and a half  
14 operations by those 22 noisiest aircraft at the airport daily.  
15 Allowing the Q-707 to operate would increase that by 33 percent,  
16 and setting the precedent of the Q-707 operation would then  
17 allow the operation of two other companies that have petitioned  
18 the airport for use of this aircraft, and increase by 100  
19 percent the operation of the noisiest aircraft at the airport.

20 We think that's inconsistent with the Commission's  
21 overall noise policy, inconsistent with the direction that it  
22 would take and that we have adopted in trying to reduce overall  
23 noise in our aircraft fleet. We see it at reversing the trend  
24 of narrowing our noise contour area, and in fact would enlarge  
25 it; and for all of these reasons, and many more set before you  
26 in the public hearing, I would recommend that we deny the waiver  
27 of Burlington Northern.

28 I have talked to Burlington Northern's attorneys, I





1 have told them that any further evidence they can offer would  
2 most certainly be passed on to the Commission and evaluated, you  
3 know, for its merit, but at this time no further information has  
4 been offered which would cause me to change my recommendation to  
5 you.

6 DR. GOOSBY: And they're aware of the throttle  
7 question, as to when they compare themselves with other aircraft  
8 who use the airport, who operate in that area but at reduced --  
9 but at full throttle, that they still don't exceed our noise.  
10 That has been explained to them.

11 MR. TURPEN: I have met Mr. Johnston, their  
12 attorney, last Friday for approximately one hour, and we had  
13 that very conversation. I have explained to him exactly what  
14 our situation is, exactly what our concerns are. He feels that  
15 there --

16 He has not offered any evidence at this point which  
17 would cause us to change our mind. As a matter of fact, as I  
18 explained to Mr. Simpson, their very own noise expert, when  
19 questioned by staff, confirmed the information that we had --  
20 confirmed our feelings on the noisiness of the aircraft.

21 As a matter of fact, in conversations with the  
22 F.A.A. they agreed that the aircraft would at full throttle be a  
23 noisy aircraft; and that would be the setting, if you will; the  
24 setting of a noisy aircraft as the standard by which we judge  
25 all future entrants is not consistent with the approach the  
26 Commission and staff has taken with respect to noise.

27 MR. FLEISHELL: I'll make a motion that we reject  
28 the application for variance, but I'd like to add a strong



1 suggestion that if the Commission adopts that recommendation,  
2 that we meet with their attorneys and clear up what seems to be  
3 some confusion about full throttle versus cutback throttle.

4 I called Mr. Garabaldi yesterday and asked him some  
5 questions based upon the most recent letter from Mr. Simpson.  
6 He was unable to answer those questions and referred me to  
7 Mr. Magee, who then referred me to Morris & Forrester. Then I  
8 got a call from Morris & Forrester in Washington, and then later  
9 I got a call from Mr. Simpson. Until 10:30 last night there  
10 were a series of at least seven phone calls. I raised that  
11 precise question, are we talking about apples and oranges, or  
12 apples and apples; and at 10:30 last night he, Simpson, called  
13 me back after talking with TRACOR and sending people down to  
14 TRACOR last evening.

15 He gave me full throttle numbers: At 290,000 it was  
16 105.5, at 305,000 it was 106.5, and at 322,300 it was 107.8. I  
17 think it's important that somewhere we have a piece of paper in  
18 the record that shows that we're talking full throttle. When  
19 you say "full throttle," I think you also you have to realize  
20 that the F.A.A. cannot certify aircraft differently for each  
21 airport. They use a standard in known conditions, flat land,  
22 and obviously each area suffers a lesser or greater impact from  
23 that particular aircraft.

24 But I'd like to make sure that we're talking about  
25 full throttle all the way up, because most planes don't fly that  
26 way. You have full throttle until you get your wings off, and  
27 you get up 1000 feet and then you back it off anyway. All  
28 aircraft fly that way, including all the airplanes at our



1 airport now. So, I think we ought to make sure we're talking  
2 about the same thing.

3 So far the lawyers just talk about it would produce  
4 such and such a decibel, and they don't use the full throttle,  
5 and what precisely full throttle means. I think it's important  
6 that we all know that. It took five phone calls, or six or  
7 whatever it was, to kind of get it nailed down, and I'm not sure  
8 it's nailed down yet.

9 MR. TURPEN: First of all, I think your suggestion  
10 is a valuable one, and I support it. If Burlington Northern  
11 comes back to this Commission with information that indicates  
12 that that aircraft can operate in a quieter fashion, then it  
13 would be appropriate for the Commission to reconsider their  
14 denial of the waiver.

15 However, I have to point out to the Commission that  
16 we have gone to TRACOR's very own study, or TRACOR's very own  
17 paper, which was presented to a noise symposium in July of 1985  
18 in which they cite the full power takeoff with the Q, the Q  
19 models, at an excess of 110 E.P.N.D.B. We have checked the  
20 weights, checked the reduced weight impact on that number, and  
21 found it not to be as significant as the figures you would  
22 suggest, or the figures that you have would suggest.

23 MR. FLEISHELL: Stopping there: Who made the check?  
24 Who made those calculations that you've just referred to?

25 MR. TURPEN: The calculations were made through  
26 Mr. Harold James of our office and Mr. Hugh Perry, who is a  
27 noise consultant and also employed by... is it TRACOR?

28 MR. PERRY: And Chuck Casserly, who is the



1 vice-president of engineering, that states it's 110.8 decibels  
2 on takeoff.

3 MR. TURPEN: We also, Commissioner, dug out an old  
4 F.A.A.-sponsored study with Boeing on the possibility of  
5 retrofitting the 707 to meet the anticipated 1985 noise  
6 criteria; and that paper suggested as well that the maximum  
7 attenuation could be -- was approximately 2.1 decibels by use of  
8 the hush kit, and at full power still left the aircraft in  
9 excess of 110 E.P.N.D.B.

10 Both of these were brought to Mr. Simpson's  
11 attention on Friday. He expressed ignorance of either of these  
12 papers or studies and was surprised, frankly, that a study had  
13 been done as early as 1974 using all the same materials that  
14 Shannon/TRACOR has used in the development of their hush kit.  
15 This is not to say that at some future time --

16 It's not to say that we will not stand corrected if  
17 in fact our information is wrong, but thus far there appears to  
18 be overwhelming information -- not only from TRACOR, itself, who  
19 were deeply and actively involved in the development of this  
20 hush hit, but from the F.A.A.'s Boeing in testing virtually  
21 identical hush kit in in 1974 -- that would indicate that this  
22 will be a noisy aircraft.

23 I must point out to the Commission this: That out  
24 of 545 operations a day at the airport, there are three and a  
25 half on the average today that exceed 105 E.P.N.D.B. on takeoff  
26 at full throttle, according to the F.A.A.

27 This aircraft, were we to use the figures which  
28 Commissioner Fleishell received yesterday, would be the third





1   noisiest airplane operating at this airport. Were we to use the  
2   figures that we've gleaned from the TRACOR/F.A.A. documentation,  
3   it would make it the noisiest airplane operating at this  
4   airport.

5           In any event, out of 545 operations, this aircraft  
6   will place either number one or number three, depending on the  
7   figures, in the noise spectrum. Now, that's significant to us,  
8   especially when there are other operators, two to three others,  
9   who have asked and petitioned for rights into San Francisco  
10   using the very same aircraft.

11           There are current retrofits going on, more of these  
12   aircraft will be coming back into the inventory, and what we  
13   could face then is a specter of increasing, if you will, that  
14   number of noisiest aircraft from three to six to 12 to 20 to 25,  
15   and each of those can contribute to our noise impact area.  
16   That's a concern.

17           If this aircraft can fall below that envelope and  
18   fall into the middle range -- and I'm prepared to objectively  
19   look at that -- then I think a significant objection on our part  
20   would be removed. At this point we do not see the aircraft as  
21   being compatible. We see a viable alternative in Oakland, the  
22   aircraft has been using Oakland since December 4, and therefor  
23   my recommendation to you.

24           MS. TSUGARAKIS: I'll second the motion and --

25           DR. GOOSBY: Moved and seconded.

26           MS. TSUGARAKIS: What?

27           DR. GOOSBY: It's been moved and seconded.

28           MR. BERNSTEIN: Any other comment?



1 MS. TSOUGARAKIS: My strongest feeling is when it's  
2 that close, that the notion of the precedent that's established  
3 has to override. You know, you just don't want to step  
4 backwards, that's all. I think there's been a lot of effort at  
5 the airport to reduce, then we face litigation. I think we  
6 should just go with it.

7 DR. GOOSBY: Okay. All right, question?

8 MR. BERNSTEIN: Call the roll, please.

9 MS. CARAMATTI: Commissioner Burnstein?

10 THE WITNESS: Yes.

11 MS. CARAMATTI: Commissioner Fleishell?

12 MR. FLEISHELL: Yes.

13 MS. CARAMATTI: Commissioner Goosby?

14 DR. GOOSBY: Yes.

15 MS. CARAMATTI: Commissioner Tsougarakis?

16 MS. TSOUGARAKIS: Yes.

17 (Reported proceedings adjourned at 9:42 a.m.)  
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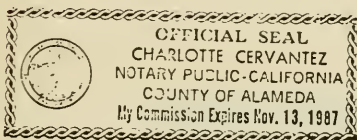


1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF ALAMEDA )

4 I, the undersigned, a Notary Public of the State of  
5 California, hereby certify that the foregoing proceeding was  
6 taken at the time and place herein stated; that the proceeding  
7 was reported by me, a Certified Shorthand Reporter and  
8 disinterested person, and was thereafter transcribed under my  
9 direction into typewriting; that the foregoing is a full,  
10 complete and true record of said reported proceeding.

11 I further certify that I am not of counsel or attorney  
12 for either or any of the parties in the foregoing proceeding,  
13 nor am I in any way interested in the outcome of the cause named  
14 herein.

15 IN WITNESS WHEREOF, I have hereunto set my hand and  
16 affixed my seal this 28th day of April 1986.  
17  
18



*Charlotte Cervantez*  
\_\_\_\_\_  
CHARLOTTE CERVANTEZ  
CSR #4486 - Notary Public  
State of California



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

MAY 6, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

President

**J. EDWARD FLEISHELL**

Vice-President

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**





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of the Minutes  
Airports Commission

May 6, 1986

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Minutes  
of the  
Airports Commission Meeting

May 6, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President
	J. Edward Fleishell, Vice President
	Z.L. Goosby
	Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 18, 1986 were adopted by order of the Commission President.

No. 86-0088

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 86-0086 adopting the Memorandum of Understanding between United Airlines and the City and County of San Francisco, and 86-0087 regarding Modification No. 3 to the Agreement with Morrison and Foerster at the Closed Session of April 15, 1986.

\* \* \*

D. DIRECTOR'S REPORTS:

1. Report on the Progress of the I-380 Highway Construction Program

Mr. Lou Turpen, Airport Director, told the Commission that the I-380 construction program is on schedule, and ahead of schedule in some





elements. The two-lane, southbound connector from highway 101 onto the Airport has been opened, however there is currently only a one-lane access to the connector from 101. He explained that this was because the second lane access will come from highway 380 when the at-grade connection is made. He said that CalTrans has been very cooperative in promoting a smooth traffic flow at the Airport and that any congestion is not a result of this project as much as it is the conditions and demands placed on the Airport.

Commissioner Tsougarakis asked when the second lane is expected to open and if the work south of the ramp was part of that project.

Mr. Sheldon Fein, Landside Operations, responded that it will open in about a year. He said that the entire project should be completed by the spring of 1987. He explained that there are three or four different projects that have staggered completion dates.

Commissioner Goosby said he thought that the entrance to the West of Bayshore property would be later than that.

Mr. Fein responded that those other portions are not in the construction program. He said that nothing can be done until the environmental approvals are received to use the West of Bayshore.

Commissioner Goosby said that the channel has been redirected and asked if that will effect future development of a rental car parking area.

Mr. Fein responded that the relocation of the channel has already been accomplished and that staff reviewed the plans and had input on the relocation. He said that that particular area was primarily marsh land and was not designated for major use by the Airport.

## 2. Report on West of Bayshore

Mr. Turpen said that several months ago Dean Macris, Director of City Planning, asked for information for himself and Wally Wortman (Director of Real Estate) on the West of Bayshore property, as well as his views on how that property could be utilized for Airport purposes. He said that basic information on the West of Bayshore was provided as well as its potential for parking.

Mr. Turpen said that Mr. Wortman was charged with taking a look at how to develop the West of Bayshore property and the cost of developing it for commercial use. He added that the numbers in Chuck Foerster's letter to Mayor Feinstein were developed by the Department of Real Estate; they do not reflect any numbers developed by the Airport staff.

Commissioner Tsougarakis said she received a copy of that letter which indicated that the property could be commercially developed for \$117-million or \$52-million and she did not understand why the big difference.

Mr. Turpen said that one of the problems Real Estate saw in the commercial development of that property was the PG&E towers which cut through the property. He said there was talk of relocating those power lines underground.

Commissioner Tsougarakis asked if the difference then was in using it for Airport use as opposed to other commercial development.



Mr. Turpen said that was correct. He added that if the area is used for parking we would be talking about land fill, paving and a relatively simple construction program. He said that their concern was that because of the soil conditions they would either be talking about incredible amounts of fill or putting everything on piles which would significantly increase the cost.

Commissioner Bernstein asked if it would be possible to get a developer to develop it for himself.

Mr. Turpen said that there was some consideration given to that option. He said that the property could be sold but we would not get much for it due to the lack of access. He said that Airport staff told the City what it could make if the property was used for rent-a-cars and long term parking but was not privy to the development analysis.

Commissioner Fleishell said that when the Airport negotiated with the airlines to transfer this property from the Airport to the City we told them the rent-a-car operation would not be moved.

Mr. Turpen told Commissioner Fleishell that he was right about the basic philosophy at that time. He said that since that time the rent-a-car companies have approached staff and said they cannot operate at the Airport in a constrained land condition on a long-term basis. The companies also asked staff to look at the possibility of reducing their percentage to the Airport because of their cost problems. He said that the West of Bayshore property was suggested to the rent-a-car companies in 1982. At that point staff also talked to TWA, United, Delta and American about utilization of that property for Airport parking and rent-a-cars. He said that their reaction was that it would be acceptable as long as it was included as part of Airport property, it was included in the landside cost center, and, that 15 percent of revenues go to the City only. He said that these conditions were transmitted to the Director of Planning and the Mayor's Task Force. He said they have been explained and are clearly understood. Mr. Turpen said that this was consistent with the original thinking and they have all agreed to make that adjustment provided that the revenues aren't moved off-Airport. Mr. Turpen said that the airlines are actually favorably disposed to this because they feel we can attract some of the off-Airport long term parking, thereby increasing the Airport's revenue and lowering the landing fees.

Commissioner Goosby asked if the land surrounding that property belonged to San Bruno.

Mr. Turpen responded that there is a small piece of that property that is within San Bruno's city limits; the majority of the land is within the unincorporated area of San Mateo County.

Mr. Turpen said he will return to the Commission with a task list and lay out in detail what the next steps are and how staff intends to proceed.

\* \* \*

#### F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said that at the last meeting the Commission voted to place a proposal on the ballot to make the Deputy Chief an appointive



position rather than a Civil Service position. He said he received a call on Friday and was told that an exam was being held for the position. He said that the caller felt this was being rigged to suit one individual.

Mr. Turpen said that the matter would probably not go forward. He said that after the Commission gave its approval it was sent to the Mayor's Office at which time we were informed that it should not be placed on the ballot. Staff is moving forward with the examination.

Commissioner Goosby asked if the Mayor had given a reason.

Mr. Turpen responded that he has not had an opportunity to follow up on it.

Commissioner Fleishell asked if, as a matter of procedure, we should clear these things with the Mayor's Office before the Commission votes.

Mr. Turpen said he would be happy to do it either way but he would hate to approach the Mayor first for her approval as he felt it would preempt the Commission and put them in the potential position of not agreeing with her.

Commissioner Tsougarakis asked if the Mayor's Office would send a letter to the Commission explaining why she decided to overrule their decision.

Mr. Turpen said he would be happy to ask the Mayor for such a letter.

Commissioner Goosby felt it might be because of a potential effect on Proposition D.

\* \* \*

#### G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted.

##### 3. Resolution Modifying Lease and Use Agreement - United Air Lines, Inc.

No. 86-0089

Resolution modifying Lease and Use Agreement No. 82-0126 - United Air Lines, Inc.

Mr. Turpen told the Commission that United Air Lines moved into the International Terminal on May 1 and has been operating their international flights out of that terminal since that date. This item speaks to the addition of the International Terminal and holdroom space, consistent with the letter agreement between United and the Airport. He said that this matter is also before United's Board of Directors and he believes this is a \$20,000,000 decision for them.

The following item was adopted by a 3-1 vote with Commissioner Bernstein casting the dissenting vote.

##### 4. Award of Two Professional Services Agreements:

- 1) Daniel, Mann, Johnson & Mendenhall, Consultant for the Preparation of an Airport Master Plan - \$450,000;
- 2) Jefferson Associates, Inc., Consultant for the Preparation of an Environmental Impact Report for the Airport Master Plan - \$100,000.



No. 86-0090  
No. 86-0091

Daniel, Mann, Johnson and Mendenhall will be responsible to produce a Master Plan which will reflect the highest and best use of the Airport's properties, accompanied by forecasts and possible alternative solutions to satisfy the Airport's needs for the next 15 years. Jefferson will work closely with Airport Master Plan consultant in the preparation and approval processing of the Environmental Impact Report. Duties will cover all phases of the environmental process, including the attendance of public hearings.

Mr. Turpen said that this item has already been before the Commission and hoped that staff has addressed their concerns. He said Jason Yuen is present to answer any additional questions the Commission might have.

Commissioner Bernstein asked if there was any land, other than the West of Bayshore property, that is not developed.

Mr. Turpen responded that there is land in the North Field area by the Seaplane Harbor; near the Air Cal hangar and the American Air Lines superbay; and, some minor parcels near Millbrae; and, across Airport Boulevard, near highway 101, adjacent to the San Bruno interchange.

Commissioner Bernstein asked if staff had any ideas on how those parcels should be utilized in the near future.

Mr. Turpen responded that there are plans for the West of Bayshore. He said that there is a problem with the area adjacent to highway 101 in San Bruno in that it is in the clear zone and its uses are limited by the FAA due to aircraft flying over that area. He said that there are no immediate plans for the North Field area and the maintenance base area.

Mr. Turpen said that the United States government is into a hydrogen fueling program and they have given out a substantial amount of money to four competitors to come up with a hydrogen fueled aircraft. He said that hydrogen fueling is completely different from what is being done now and as a result some areas of the Airport will have to be identified and isolated for this type of activity.

Mr. Turpen said that staff is looking at property in near-term needs as well as long-term possibilities and, more importantly, its existing use, especially in the cargo area.

Commissioner Goosby said that staff will also have to address the fact that moving the rental cars will create a lot of space adjacent to the terminal buildings and what the most creative use for that space would be.

Mr. Turpen said that the Commission must address the issue of vacant land and the issue of creating vacant land by making the current operation more efficient. He said there are 5500 acres, 3000 of which are under water. He added that the chances of the Airport recovering those submerged acres are remote.

Commissioner Bernstein asked if the land currently being utilized is the result of a study.





Mr. Turpen told Commissioner Bernstein that the terminal area is the result of a master plan study. He said there may have been a master plan in the 50's or 60's but it has long since been completed.

Commissioner Bernstein argued that that master plan designed the Airport and asked why another master plan is needed to change that design.

Mr. Turpen explained that we are not changing the design. He said that there are two issues that are being confused. There was a master plan for the terminal buildings and the garage called the Terminal Modernization Program which came out in 1968 or 1970. There has not been a master plan for the development of cargo areas for the efficient utilization of Airport property. Mr. Turpen reminded the Commission that long term leases were provided and those leases are now coming to an end. We have been able to induce people to move and free up other property so we now have an opportunity to set the stage for what we want to do in the future and guide the staff and the Commission when other leases come due. He felt this was a logical extension of what's been done in the terminals; the same will now be done for the rest of the Airport.

Mr. Turpen said that as an operating philosophy we have not entered into any long term leases, with the exception of the terminal program. He said that if we enter into a lease it has a buy-out clause and an access clause.

Commissioner Fleishell said it was his understanding that the law requires us to have a master plan and asked why we don't have one.

Mr. Turpen responded that the FAA does require us to have a master plan.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, responded that we have an Airport lay-out plan that has been accepted by the FAA. He said that a master plan is required and ultimately we must have one but there are no deadlines or penalties. He said that if we do not proceed the government will eventually get us on Federal funding.

Mr. Turpen added that there are a lot of local communities who have expressed an interest in seeing our master plan.

Commissioner Goosby said that it makes sense for a responsible City commission to seek the input of experts and that it would be ridiculous to even consider developing the Airport without that kind of expertise.

Mr. Turpen added that the JAL lease was an example in that the Commission said at the time it would not approve any new cargo facilities without a master plan. He felt it was important to the Airport's relationship with the local communities and others to make it clear how we intend to develop the Airport and what our intentions are.

Commissioner Bernstein said he would like this put over for two weeks. He said there were a few things he would like to look into before he could vote on this. He said he was not certain that we need a master plan when there is no intent on the Airport's part to do anything.

Commissioner Tsougarakis argued that the point is that we don't know what to do, nor do we know if we should be doing anything. That is the purpose of a master plan.



Mr. Turpen said that we have to have a master plan if we want to develop the West of Bayshore property. The longer the master plan is delayed the longer the development of the West of Bayshore is delayed.

Commissioner Goosby said that decisions should not be made about the West of Bayshore until we have a comprehensive master plan. He thought it was ridiculous for the Commission to look at that kind of land and that kind of expenditure of time and money without having as much expertise built into the decision-making process as possible. He did not feel the master plan should be held up for another two weeks.

Commissioner Bernstein asked what staff person would handle the West of Bayshore.

Mr. Turpen responded that Jason Yuen would be responsible. He said that under Jason Yuen's direction we just completed a \$100-million construction program. His division finished a \$15-million Boarding Area 'E', a \$40-million Boarding Area 'A', \$100-million North Terminal, and completed the garage.

Commissioner Bernstein asked if there was a master plan for that and if some architects were involved.

Mr. Turpen said that there was a master plan however it only included those areas; and, the Commission got rid of the architects.

Mr. Turpen said that the West of Bayshore was one issue, the other issue is cargo. Cargo demands for the Pacific are growing dramatically and we do not have the ability in our current inefficient cargo set up to handle the future demands for cargo for the Pacific. That has to be addressed.

Commissioner Goosby said he understood that Air France wants to operate out of SFO but is reluctant due to the lack of cargo facilities.

Mr. Turpen said there is a report that during the summer months cargo for the Pacific will be left on the ramp because we cannot process it and get it through. He said that Hong Kong has a single building which can process one-billion pounds of cargo; our entire Airport processes one-billion pounds of cargo. He thought it would be a mistake not to proceed with this.

Commissioner Goosby suggested approving this item contingent on Commissioner Bernstein's concerns being addressed.

The following item was put over.

5. Amendment to Lease No. 85-0108, Associated Limousine Operators of San Francisco

Resolution amending Associated  
Limousine Operators of San Francisco's  
Lease No. 85-0108, Section 8.02(c),  
Automobile Liability Insurance Limits.

Commissioner Fleishell said he opposed this and felt the Airport was taking advantage of the other bidders on this contract.



Ms. Angela Gittens, Deputy Director for Business and Finance, said that there were numerous discussions in the pre-bid conference and with the Commission. When the item was put out to bid staff pegged the insurance to PUC's announcement and she was confident that it was clear to all bidders. She said that the fact that PUC has changed back to \$750,000 is causing us to recommend this change. She did not think it was sneaky or that it particularly favors one bidder. She said that any bidder would have received the same privilege.

Commissioner Fleishell felt that a \$1.5-million insurance policy is not a lot of insurance, and \$750,000 is nothing.

Ms. Gittens pointed out that this is on the auto insurance and not the general liability.

Commissioner Goosby said he had the same concerns that Commissioner Fleishell raised but if Mr. Garibaldi felt the Airport was not opening itself up for litigation he would go along with it.

Mr. Don Garibaldi, Airport General Counsel, said that he did not think the Commission was exposing itself but he could not guarantee that no one would sue. He did point out that the successful bidder bid \$200,000 more than the next bidder.

Commissioner Tsougarakis said this was comparative bidding and they were all bidding on the same basis.

Commissioner Bernstein asked how Associated Limousine was doing.

Ms. Gittens responded that Associated Limousine's contract just started at the end of March so she does not have much information on them, however she believed they were losing money.

Mr. Turpen said that they have only been in operation one month and for that month they have paid the minimum. He explained that staff does not have a track record to indicate how they are doing. He said that the assumption is that they are not doing well since they paid the minimum.

Ms. Gittens explained that Associated is on a flat rate of \$427,000 a year. She said that they still owe the Airport reports and since it is so recent we don't have enough history to know how they are doing.

Commissioner Bernstein agreed that \$750,000 is not very high.

Mr. Turpen thought that the problem was that when the lease documents were put together they stated that a bidder must have insurance that was satisfactory to what the California PUC required.

Ms. Gittens said that at the time of the bid, PUC's change to \$1.5-million was imminent and staff felt that by the time the lease was in effect the PUC limit would be \$1.5-million. She agreed that it should have been stated differently.

Commissioner Fleishell said that if the language had been different he would not have had any concerns but with the current language he felt the bidders would have submitted entirely different bids. He did not feel this was fair to the bidders.

Ms. Gittens said that if the PUC had raised the limit to \$1.5-million she felt that the assigned risk pool, which Associated is insured with, would have been \$1.5-million but the industry standard would have been \$750,000.



Mr. Andrew Fenyes, Vice President and General Manager of Associated Limousine, said that his company spent five months trying to acquire insurance so it was not a matter of not wanting to or not being able to afford the insurance. He said that as of April 27, 1986 they had all the insurance they needed. He said his company has worked with four insurance brokers and they have been able to acquire a \$750,000 insurance policy. They have been advised by their broker that the law only requires \$750,000. In the past they have been able to get additional umbrella coverage for up to as much as \$2-million. He said that his company has been advised that this umbrella coverage is no longer available because many insurance companies will only insure up to the limit of the law and the law is what the PUC requires. He said that Associated has been operating at the Airport for the last three months and is doing as well as they expected to do in the initial stages of the operation.

Commissioner Fleishell said that the information he had was somewhat different. He said that the PUC figure is a minimum figure and that he knew of at least two companies that carry \$20-million worth of insurance. He felt that PUC's minimum is not necessarily what we should require. He said that the minimum was arrived at through a lot of lobbying and political maneuvering and he felt it should stay the way it was bid.

Commissioner Tsougarakis asked how the difference in the amount of insurance affects the Airport's interests.

Mr. Garibaldi responded that in the event there is an accident which results in litigation there is that much more coverage for both the Airport and the operator. He said that typically in this kind of litigation if a public entity can be dragged in it will be. He said that this will provide us with coverage in the event we are found to have any liability at all.

Mr. Turpen said that this item can be put over if the Commission wishes and it will give staff the opportunity to take another look at it.

Commissioner Goosby said he would go along with what Mr. Turpen recommends.

Commissioner Bernstein asked what Los Angeles Airport's criteria was.

Mr. Turpen said he did not know but he could check on it if the Commission wished.

The following items were unanimously adopted.

6. Month-to-Month Hold Over of Personalizing Shop Lease

No. 86-0092

Resolution approving a month-to-month hold over tenancy of the lease with Elson's for the Personalizing Shop in the North Terminal.





Items 7 and 8 were called together.

7. Resolution Approving Assignment of Leases from Pacific Southwest Airlines to Continental Air Lines, Inc.

No. 86-0093                      Resolution approving assignment of leases of Plots 10 and 10C with improvements from Pacific Southwest Airlines to Continental Air Lines, Inc.

8. Resolution Approving Modification of Continental Air Lines, Inc.'s Leases

No. 86-0094                      Resolution approving modification of Continental Air Lines, Inc.'s leases of Plots 10 and 10C.

Commissioner Goosby asked if Continental decided to terminate their cargo handling operator could they sublease the space without first getting the Commission's approval.

Mr. Turpen responded that if there is property involved the answer is yes. However, if Continental decides to go to a handling company to handle their cargo and retain the space then they do not need the Commission's permission. The Lease and Use Agreement provides that we will not interfere with their hiring of people. If, however, land is turned over in a sublease operation it must come before the Commission.

9. Award of Contract No. 1692:  
Office Relocations - 3rd Floor, North Terminal

No. 86-0095                      Resolution awarding Contract No. 1692 to Echo West, Inc. in the amount of \$151,962.00.

Two bids were received on April 4, 1986, in the amount of \$151,962.00 and \$174,152.00

Mr. Turpen said that this space was above the ticket counters in the North Terminal. He said that currently Landside Operations is in the North Connector and Community Affairs is in the South Connector. They are both being moved to the North Terminal mezzanine in order to open up space in the International and South Terminals.

Commissioner Bernstein asked why they were moving.

Mr. Turpen responded that additional space is needed for the Community Affairs office in order to expand the noise abatement system. In addition, space was being opened up in the North Connector order to bring the Police Department together. He said it was simply pulling people together and providing for the needed space to expand some of our systems.

Mr. Turpen explained that for years the Airport staff's needs have taken second and third place to the operation and development of the Airport. He said that this measure will get us over an interim period but it does not mean that he will not return to the Commission at a later date and recommend the construction of a separate facility



to consolidate all Airport operations. He felt that at this point it makes sense, it is the prudent course to take and will satisfy our needs for the next three or four years. He said that most other airports have separate facilities for their staffs.

Commissioner Bernstein asked why a facility could not be built on the land in question.

Mr. Turpen responded that when the rent-a-cars are moved staff will take a look at that area for such a use.

Commissioner Tsougarakis said that the Commission has already approved the concept of creating space for the efficient operation of the Airport. She has a problem with the Commission saying no to this after it has already gone through three separate phases of approvals.

Commissioners Goosby and Fleishell agreed that the concept has already been approved.

10. Award of Contract No. 1677:  
Demolition of Interior Finishes  
4th Floor, International Terminal

No. 86-0096

Resolution awarding Contract No. 1677  
to Echo West, Inc., in the amount of  
\$122,977.00.

Five bids were received on March 27,  
1986, with the amounts ranging from  
\$122,997.00 to \$202,187.00.

Commissioner Bernstein asked if this shouldn't wait until staff had a particular use in mind.

Mr. Turpen said that the area in question is in such a state that it has to be cleared out. He said that United Air Lines has the right of first refusal on this space until July 1, 1986. Should United accept the space for their International Terminal VIP lounge it must be provided to them in reasonable condition. In the event United does not exercise their right of first refusal the Commission has then directed staff to examine the feasibility of a health club in that location.

Commissioner Tsougarakis told Commissioner Bernstein that when this first came up she asked if some of the existing fixtures could be used for future purposes. She said she was told that it was not possible.

Mr. Turpen added that this will be unfinished space rather than finished space. He explained that when the International Terminal was renovated, steel piles were driven through this space to support the new tower.

Mr. Dennis Bouey, Deputy Director, Facilities, Operations and Maintenance, said the space would be taken down to the studs. It would then be left for the tenant to improve at his own expense. Our responsibility is to provide an area that can be improved upon.



## 11. AOCI Membership

No. 86-0097

Resolution authorizing the Director of Airports to reinstate San Francisco International Airport's membership in the AOCI.

Mr. Turpen explained that in 1983 the Airport Operators Council International (AOCI) leadership was promoting a policy which was inconsistent with our policies. He said they did not view San Francisco as part of the Pacific region and he felt that was counter-productive to what the City has been doing. He reminded the Commission that they authorized him to withdraw from the AOCI if, in fact, they did not amend their position. AOCI would not amend their position and in 1984 SFO withdrew from the organization. He said there has since been a change in the AOCI leadership; they have changed their by-laws and indicated that San Francisco and all West Coast airports are part of the Pacific region. Mr. Turpen felt it would be appropriate to rejoin the organization. He said that this would be on a year to year basis; that if the winds change in AOCI our continued association would have to be reexamined.

Commissioner Fleishell asked what the Airport gets for their membership.

Mr. Turpen responded that one of the things is that there is a lot of official inter-activity with people in the Pacific Basin. He said that we get certain reports and data from the AOCI in Washington and certain assistance with communicating airport matters to legislators in Washington. He said that most importantly, we are betting on the future. Mr. Turpen felt that we have an opportunity to assume more of a leadership role in the organization and can possibly direct its activities in a way that is more conducive not only to what we want in San Francisco but what a lot of other airports want as well. He said that our withdrawal from AOCI was, in great measure, responsible for an entire rethinking on the part of other airports...Kennedy, Miami, Honolulu...and these airports have joined with us in saying that we need something more from this organization. He said that Wally Abernathy of Oakland is President of AOCI for the next year so there are some real opportunities to make some beneficial changes.

Commissioner Fleishell felt that the AOCI is a minimally competent trade organization and when SFO pulled out it merely woke others up to the fact that they should also leave. He said that the legislative information we get from AOCI is weeks old. That information is available by subscribing to the airline guide newsletter and would be received within three days. The Cost is \$250 a year as opposed to \$12,000.

Mr. Turpen said that Commissioner Fleishell's views were accurate in the past but we now have the opportunity to effect change. He argued that that change must come from within; you cannot stand on the sidelines and tell them they are doing it wrong.

Mr. Turpen said this should be examined on a year-to-year basis and will come before the Commission for approval each year in the budget. He felt that it would be appropriate at this time to rejoin the organization to see if we can effect some changes and make it responsive to what we think is important and how it should be operated. He felt that Commissioner Fleishell's points were well taken and that there are a lot of people who now view AOCI in that same light and are prepared to make a change.



The following item was removed from the calendar.

12. Charter Amendment Proposal for Exempt Appointment of Curators

Resolution to approve language for a Charter Amendment that would exempt all Curators from the Civil Service provisions of the Charter. Curators at the Fine Arts Museums are currently exempt.

Ms. Gittens explained that this is a separate issue from the Police. She said that the Art Commission just approved their version of this item yesterday. If the Commission approves it today it will go to the Mayor for her approval. Ms. Gittens did not know how the Mayor felt about it.

Commissioner Goosby thought that the curator positions were exempt.

Ms. Gittens responded that only the top curator was exempt. She asked Jim Ilnicki, Director of Airport personnel, to respond.

Mr. Ilnicki said that currently only the Museum of Fine Arts curators are exempt by Charter. He said that was the only department that funded curators at the time the Charter was amended. He said that neither the Art Commission nor the Airport currently has any exempt curators. He said we are trying to co-sponsor a Charter amendment with the Art Commission to put this in line with what we thought was the original intent of the Charter.

Commissioner Goosby asked how many people this concerned.

Mr. Ilnicki responded that there were three positions at the Airport and five or six at the Art Commission.

Commissioner Fleishell said that before he voted on this he would want to know how the Mayor felt about it. He asked if there would be one Charter amendment for the Art Commission and one for the Airport.

Mr. Ilnicki responded that the Charter amendment would be general enough so that any curator who was involved in the art field would be exempted.

Mr. Turpen said that this item could be put over in order to try and get a sense of how the Mayor felt.

Commissioner Goosby said that the Mayor probably does not want to overload the ballot with propositions exempting employees with Prop D on the ballot.

Mr. Ilnicki said that there was a time problem. He said that if this matter is not introduced before the Board of Supervisors by May 19 it will be too late to make the November ballot.

Commissioner Fleishell asked what the compelling need was in not having the same protection for these employees that every other employee at the Airport has.

Mr. Ilnicki responded that the need was threefold: first, there has been a consensus from our Exhibits Program, as well as from Claire Isaacs of the Art Commission, that the examination system is not meeting the needs of either department. He said that the minimum qualifications are too general. Secretaries who worked in an art





field are being allowed to qualify; the test questions do not test for a sense of esthetics; and, as a result, Civil Service is adopting lists of potential employees who are not qualified. He said that the Airport recently had to terminate an employee who was on probation because he could not do the job yet, out of the three qualified candidates he was thought to be the best person. He said that the Art Commission has been experiencing similar difficulties. He said that in order to really fill the needs of the departments separate exams for each position should be given even though it would not be cost effective and we would lose the flexibility to transfer people around. He said that using the Civil Service system has generally not worked out. Mr. Ilnicki concluded by saying that based on research, the intent of the Charter was to exempt curators because of these very reasons. That is why all curators at the Museum of Fine Arts are exempt.

Mr. Turpen said that the Commission might want to approve this subject to the Mayor's approval.

Commissioner Bernstein was unhappy that the Commission did not have more time to consider this.

Mr. Turpen said that if the Commission was unhappy they did not have to act on this item and the Art Commission could go their own way. He suggested, with the Mayor's approval, that the Airport could write a ballot argument supporting the amendment. He said he would also make sure that the language includes all curators.

\* \* \*

Mr. Turpen reminded Commissioner Bernstein that a replacement was needed for Commissioner Coblenz on the Airport/Art Joint Committee.

\* \* \*

Commissioner Bernstein, referring back to item 10, asked Mr. Bouey how many feet were involved. He said he was doing a 35,000 square foot warehouse and wanted to compare costs.

Mr. Bouey responded that a comparison was not possible as this contract is probably 2-1/2 times more expensive than a normal demolition contract. He explained that the building has been finished around this area so in order to protect both the airfield and the building Echo West, the low bidder, is being required to take the debris to one area and then take it from there to another area. He said that the amount of labor necessary to complete this contract has been greatly increased.

Commissioner Bernstein asked why the area was not cleaned up during construction.

Mr. Bouey responded that the area was originally intended for Host's first class restaurant. He said that about a year ago Jason Yuen brought an item to the Commission explaining why Host would not be able to build their restaurant in that area. The Commission then approved a new location in the South Terminal. He explained that the support columns necessary to reinforce the building damaged part of



the HVAC system and the electrical network. The area must now be demolished and brought down to its studs so a new tenant can go in and improve it.

\* \* \*

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

13. Declaration of Emergency:

Pavement Repair - Runway 10L-28R and 1L-19R Intersection

No. 86-0098

Resolution ratifying the action of the President of the Commission in declaring the emergency in pavement failure at the Runway 10L-28R and 1L-19R Intersection, directing the Director of Airports to effect the necessary repairs and requesting the Controller to certify funds needed to effect such repairs.

14. Type II Modifications for Two South Terminal Complex Construction Contracts

Contract modification to provide additional work for unforeseen conditions, increased scope, deficiencies in the plans and specifications, and design changes.

No. 86-0099

Contract 1410ABCD - South Terminal Renovation Phase I - \$48,148.63.

No. 86-0100

Contract 1410EF - South Terminal Renovation Phase II - \$34,971.00.

15. Rental Credit - Associated Limousine Operators of San Francisco

No. 86-0101

Resolution approving a rental credit to Associated Limousine Operators of San Francisco in the amount not to exceed \$5,358.98 for the purchase of electric time clocks and installation of electrical outlets at limousine counters.

16. Rental Credit for Dias Airport Barber Shop

No. 86-0102

Resolution granting a rental credit to Dias Airport Barber Shop for moving expenses.



17. Tenant Improvement:  
UAL-MOC Building 74 - Professional Employmnt Office  
T-3109 - \$80,000.00 - No Cost to City  
  
No. 86-0103
18. Tenant Improvement:  
Chevron Aviation Fuel Line Modification - Plots 24 and 22  
T-3105 - \$80,000.00 - No Cost to City  
  
No. 85-0104
19. Tenant Improvement:  
PG&E Gas Main Replacement at Airport Entrance  
T-3110 - \$45,000.00 - No Cost to City  
  
No. 86-0105
20. Airport Contract No. 1728:  
Repair of Timber Trestle at Drainage Pumping Station No. 2  
  
No. 86-0106                      Proposed resolution approving the  
   final plans and specifications and  
   authorizing the Director to call for  
   bids for Airport Contract No. 1728,  
   Repair of Timber Trestle at Drainage  
   Pump Station No. 2.

\* \* \*

#### I. PUBLIC HEARING:

The Public Hearing was opened at 10:12 AM and closed at 10:20 AM. Items 21 and 22 were called together. There was no public testimony.

21. Hearing Regarding Increase in Outdoor Aircraft Storage Rates  
  
Hearing regarding increased aircraft storage rates for (1) general aviation aircraft and (2) for commercial carriers using Plot 42.
22. Hearing Regarding Proposed Reduction in the Garage Daily Parking Rate  
  
Hearing regarding a proposal to reduce the daily parking rate in the garage from \$12 to \$11.
- Mr. Turpen said that SFO's 24-hour parking rate is lower than most U.S. airports. He said that the last increase was in 1982 and felt it was appropriate to bring our rates in line with other airports.
- Mr. Turpen explained, with respect to the second public hearing item, that because of the demands on the long term parking lot staff is



seeking to encourage additional use of the central parking structure as it is presently underutilized. He felt that by lowering the day rate individuals who use the long term lot might be encouraged to use the garage, thereby minimizing the number of closures in the long term lot. He explained that the preliminary numbers indicate that we will make money due to the increased use of the garage.

\* \* \*

Commissioner Bernstein asked if staff had the results of the study for ground transportation rules.

Mr. Turpen responded that the results will be discussed at the May 20 meeting. He said that the Commission should have copies by Monday.

\* \* \*

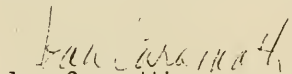
J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:20 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary





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## **MINUTES**

JUNE 3, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

June 3, 1986

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Minutes  
of the  
Airports Commission Meeting

June 3, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President
	J. Edward Fleishell, Vice President
	Z.L. Goosby
	Athena Tsougarakis

Commissioner Bernstein introduced Don Richards Stephens and welcomed him to the Commission.

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 6, 1986 were adopted by order of the Commission President.

No. 86-0124

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 86-0121 regarding settlement of a claim, and 86-0122 terminating the Airline Motor Coach Service Agreement with SFO Airporter at the Closed Session of May 20, 1986.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell asked that the July 1st meeting be cancelled due to the Director's absence.





Commissioner Goosby said he understood that staff was meeting tomorrow to discuss the impact on the location of pre-flight screenings and asked the Director to keep the Commission apprised of the situation and any options being entertained.

Mr. Lou Turpen, Airport Director, presented the Commission with an L-shaped cart used in Hong Kong as well as Smarte Carte's version of an L-shaped cart. He said that consistent with the Commission's direction at the last meeting he advised Smarte Carte that their modified cart design was not acceptable and that they had 90 days in which to present a design consistent with the criteria the Airports Commission established. He added that this requirement to address the Commission criteria is contained in their lease.

Mr. Glenn Smith, Smarte Carte, read the following statement to the Commission:

"Smarte Carte has, over the life of the company, carefully and thoughtfully developed and redesigned the cart to its current specifications with two key considerations in mind; function and safety. More than 95 percent of Smarte Carte's revenues are derived from airport rental operations, therefore Smarte Carte is totally committed to the needs of airport facilitators and the air traveling public. Smarte Carte has invested in excess of \$100,000 in developing, prototyping and evaluating no less than 16 luggage cart designs from 1977 to 1986 and at all times the concern has been focused on maneuverability, steerability, stability and safety for passengers as well as for facilities. For example, the cantilevered section is specifically constructed to keep large loads of luggage in check. One of these 16 designs includes the L-shaped cart. Smarte Carte rejected this design for two main reasons; it was found to be too unstable for luggage under many conditions and for use as a stroller, and loading and unloading from the control unit became more difficult for the passenger."

Commissioner Goosby asked Mr. Smith what he meant by "control unit."

Mr. Smith responded that the control unit is the dispenser.

"Smarte Carte's insurance carrier has stated that any change to the design of the current luggage cart may result in cancellation of any and all existing liability insurance coverage."

"Smarte Carte, Inc. earnestly wishes to fully cooperate with this Commission and any reasonable demands made by it. The L-shaped cart concerns us because of questions regarding insurance coverage and safety. Would you please address these concerns?" (Smarte Carte's statement and the letter from their insurance carrier are attached.)

Commissioner Fleishell said that he looked at both carts and felt that the Hong Kong cart is far superior as far as stability is concerned. He said he was astonished to learn a few weeks ago that staff was told by Smarte Carte that the "pull-me" cart was designed to fall over when overloaded with luggage. He said he could not understand how that would be considered a safety feature.

Commissioner Fleishell said that the Hong Kong cart is used in every international airport in Europe and in Asia and seems to function quite well; he was not concerned about its safety. He said that although Smarte



Carte's L-shaped cart would be satisfactory he felt staff should move ahead to prepare bid specifications when this contract is up and make certain that the specs include the approval of an L-shaped cart by staff.

Commissioner Tsougarakis noted the fact that the insurance company's letter stated that they "may or may not make it necessary to increase the premium." She said that apparently it would require reevaluation in order to determine whether or not it is considered uninsurable.

Mr. Turpen said that although the Airport has asked Smarte Carte for a resubmitted plan, Mr. Smith's comments would indicate that they rejected their L-shaped cart design and do not intend to submit it to the Commission. He recommended writing to Smarte Carte to determine if they were prepared to proceed with the L-shaped design. If they reject it they are in violation of their commitment to the Airports Commission to secure its approval of a cart design and staff will then proceed as Commissioner Fleishell suggested.

\* \* \*

#### F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

##### 1. Award of Contract 1416AB-R, Boarding Area "C" & Aprons

No.86-0125

Pending Human Rights Commission's approval, Airports Commission will award Contract 1416AB-R, Boarding Area 'C' & Aprons.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, told the Commission that there were two protests to this contract; both protests were denied and neither contractor intended to pursue the issue.

##### 2. Authorization for Pre-Bid Conference: Boarding Area 'E' - Principal Concession Lease

No.86-0126

Resolution approving leasehold specifications and authorizing Director to hold a Pre-Bid Conference for Boarding Area 'E', Principal Concession Lease and Agreement for Retail Merchandising Sales in the North Terminal.

Mr. Turpen told the Commission that this agenda item pertains to that space right near the Ice Cream Parlor at the head of Boarding Area 'E' where American and Delta are located, as well as the space out on Boarding Area 'F', for a total of four spaces. Staff is recommending a pre-bid conference to obtain potential bidder reaction to the possibility of developing these four spaces as a package.



Commissioner Tsougarakis was given unanimous approval by the Commission to be excused from voting on Item No. 3 due to a potential conflict.

3. Authorization for Pre-Bid Conference:  
Lease of Automatic Teller Machines

No. 86-0127	Resolution approving leasehold specifications and authorizing Director to hold a Pre-Bid Conference for the lease of Automatic Teller Machines in both the North and South Terminals.
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The following item was unanimously adopted.

4. Bid Call - Airport Contract No. 1639:  
Police Substation Offices - 2nd Floor, North Connector

No. 86-0128	Resolution approving the scope, budget and schedule for Airport Contract No. 1639 and authorizing the Director of Airports to call for bids when ready.
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Mr. Turpen told the Commission that this item was discussed at length at the May 6 meeting. It deals with the relocation of staff and the consolidation of Police operations in the International Terminal.

Commissioner Bernstein asked if this was for alternations or new construction.

Mr. Turpen responded that this was for alterations.

Commissioner Bernstein asked how many feet were involved.

Mr. Dennis Bouey, Deputy Director, Facilities, Operations and Maintenance, responded that a little over 3300 feet were involved. The cost covers partitions, a new lobby area for public access to the substation, bullet proof glass, and a device through which the public can pass documents and other material to a police officer without that officer being exposed to the public. He said that it works out to about \$74 per square foot plus an additional \$30,000 for the items mentioned.

Commissioner Bernstein questioned the amount per square foot.

Mr. Bouey explained that this office space is being remodeled; a new roof is being added and the HVAC system has to be reconfigured. He said that this estimate is predicated on the last two bids received for similar work.

The following item was unanimously adopted as amended.

5. Schematic Design Approval for Full Service Baggage Storage Concession

No. 86-0129	Resolution approving the schematic design for the Full Service Baggage Storage Concession and authorization to begin construction.
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Commissioner Goosby asked if there was a schematic design.

Mr. Turpen responded that the Design Review Committee has approved the design but he suggested one additional review be incorporated due to the nature of this concession. He said that this will be a long term baggage storage area which will include safeguards such as x-raying and opening and checking baggage. He said that even though these procedures have been reviewed by the Airport Police he recommended making the security aspect subject to their final approval.

The Commission reviewed the schematic designs and had no comments.

Commissioner Tsougarakis asked about security for the baggage.

Ms. Angela Gittens, Deputy Director of Business and Finance, responded that the area will be staffed and the baggage itself will be at the back of the facility, behind a counter.

Commissioner Fleishell asked about insurance requirements.

Ms. Gittens responded that she believed that the insurance requirement on this lease was \$1-million for general liability. She said that she has not yet asked the tenant if he has obtained the insurance.

Commissioner Fleishell suggested that the insurance be checked. He said that the Airport would be liable in the event the system fails and a bomb is placed in the area.

Ms. Gittens said that extensive bomb proofing was installed in this area.

Mr. Turpen added that the procedures are very thorough and will guard against introducing any device into this area.

Ms. Gittens added that baggage left more than 24-hours is sent off sight.

Mr. Turpen recommended that the Commission resolution be amended to require a final approval by the Airport Police.

Commissioner Goosby asked if stored baggage was brought directly to the plane or if the passenger had to pick it up, bring it to the ticket counter and check it in.

Mr. Turpen responded that the baggage must be picked up by the passenger and checked in. He said that this is simply a storage area for larger oversized bags.

Ms. Gittens said that in the procedures for this concession, any bags stored must be accompanied by an I.D. for the passenger checking the bag.

Commissioner Fleishell moved that the first sentence of the last paragraph of the resolution be amended as follows: "...that this Commission approves, subject to the further approval of the Airport Police Department, a schematic design for the lease..."





The following items were unanimously adopted.

6. Amendment to Lease No. 85-0108, Associated Limousine Operators of San Francisco

No. 86-0130                      Resolution amending Associated Limousine Operators of San Francisco's Lease No. 85-0108, Section 8.02(c), Automobile Liability Insurance Limits.

Commissioner Fleishell said he no longer had any concerns about this item.

7. Consent to Allow Aeroplex Stores, Inc. to Sell Their Stock to Greyhound International

No. 86-0131

Items 8 and 9 were called together and unanimously adopted.

8. \$85,000 Contract with the Museum Society, Fine Arts Museums

No. 86-0132                      Contract for \$85,000 with the Museum Society, Fine Arts Museums of San Francisco for the purpose of providing and implementing Temporary Exhibitions at San Francisco International Airport for the fiscal year 1986/87.

9. \$18,000 Contract with Asian Art Museum of San Francisco

No. 86-0133                      Contract for \$18,000 with the Asian Art Museum of San Francisco for loan of Chinese Qing Dynasty Porcelain, mid March, 1987, through June, 1987.

Commissioner Goosby said that some time in the future the Commission and staff may want to set a maximum amount to be allocated towards Airport exhibits...possibly a percentage of the budget or a goal. He was not trying to undermine the program however he felt it might be prudent to start looking at how much money is being spent. He said he had no problem with voting for these items.

Commissioner Fleishell asked if the existing budget had a line item for the program.

Mr. Turpen responded that it does but he thought that Commissioner Goosby was referring to how the program has grown over the last five years. He said he did not believe that the program has grown appreciably but he would be happy to provide those numbers.

Commissioner Bernstein asked what the \$85,000 covered.

Mr. Turpen responded that everything is listed in the agenda item.

\* \* \*



G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

10. Retirement Resolution - John Throne

No. 86-0134

11. Tenant Improvement: Pacific Southwest Trading  
Aviation Fuel Line Tie-In to Chevron - Boarding Area 'A'  
T-3107 - \$75,000 - No Cost to City

No. 86-0135

12. Type II Modification for Contract 1414AB:  
Boarding Area 'B' Renovation/South Concession Area - \$3,823

No. 86-0136

Contract modification to provide additional structural steel framing for duct housings at roof of Boarding Area 'B'.

13. Bid Call - Airport Contract No. 1727:  
Emergency Pavement Repairs (1986-87)

No. 86-0137

Resolution approving the scope, budget and schedule for Contract No. 1727, and authorizing the Director of Airports to call for bids when ready.

14. Bid Call - Airport Contract No. 1735:  
Broken and Damaged Glass Replacement - International Terminal

No. 86-0138

Resolution approving the scope, budget and schedule for Airports Contract No. 1735 and authorizing the Director of Airports to call for bids when ready.

15. Request for Approval of Travel/Training for Airports Commission Representative

No. 86-0139

\* \* \*

H. CORRESPONDENCE:

Commissioner Tsougarakis said she continues to receive letters from Burlington Northern and thought the Commission took care of this issue on



April 15. She did not know if it was in order but suggested taking action to reaffirm the Commission's position on the Burlington matter. If necessary, she recommended taking a vote.

Mr. Turpen said that when the Commission acted on April 15 he was directed to meet with Burlington Northern to hear any further information they might want to present. If, in his opinion, that information shed new light on the subject he was to reintroduce the matter to the Commission. He said he met with Burlington Northern on April 25; they did not provide any new information and as a result he wrote to them explaining that the matter would not be calendared for reconsideration. Mr. Turpen said that Burlington Northern took exception to the fact that he responded for the Commission and reinitiated its request to the Commission. He said it would be appropriate at this time for the Commission to direct the Commission Secretary to respond to Burlington Northern, indicating that the Commission has no interest in hearing the matter further.

For the record, Mr. Turpen added that on April 2 Burlington Northern filed a complaint against San Francisco International Airport with the FAA. As a result of that complaint, the FAA initiated an administrative investigation into the Burlington Northern question on May 28.

Commissioner Tsougarakis said she has not seen anything from Burlington that would change her opinion on the subject. She felt that the Commission has worked hard to create a strong noise abatement policy and there is a very definite strategy to pursue that policy. She felt that the Q707 matter is a direct contradiction to that policy. Commissioner Tsougarakis said she felt strongly enough to send Burlington Northern a letter reaffirming the Commission's stand of April 15 and telling them the item will not be reheard.

Commissioner Goosby did not know whether or not it was necessary to vote again but he had no objection if it emphasized the Commission's position, reminded Burlington Northern of previous actions the Commission has taken, and, that the Commission has not moved from that position.

Mr. Turpen added that Burlington Northern filed their complaint two weeks before the Commission took action; the FAA is just now getting around to notifying the Airport.

Commissioner Fleishell said he had raised the issue earlier indicating that there might be a technical defect in the record by having the Director respond. He felt that the Commission should refer to the letter received, treat it as a petition for rehearing and have the Secretary indicate that the Commission denies that petition for rehearing.

Commissioner Tsougarakis agreed.

Commissioner Bernstein asked how Burlington could present new evidence if they are precluded from appearing before the Commission.

Mr. Turpen responded that at this point the matter has been referred to the FAA. If, in fact, Burlington Northern has new evidence they would present it to the FAA and look to them to either support or reject their position. The FAA has initiated an administrative inquiry into Burlington's complaint. That inquiry requires that the Airport respond to the FAA by June 17. The FAA will evaluate the complaint and the Airport's response and at that point make a decision as to whether or not they will proceed. If the FAA decides to proceed, the next step would be to hold a hearing before an Administrative Law judge where both sides would present their position. Beyond the Administrative Law judge there is one last option in the Court Appeals.



Commissioner Bernstein said that by this action today Burlington Northern would then be precluded from presenting further evidence to the Commission.

Mr. Turpen responded that they will have ample opportunity before the FAA but will have no further opportunity to address the Commission. He added that if Burlington Northern notifies the Airport that they have decided to purchase DC8-70 series aircraft, which is stage 3 noise certificated and currently operates at SFO, the Commission will be responsive. However, he said that where there is a continued reiteration of the same information, with no new information being introduced, he does not think it incumbent upon the Commission to take up its time to rehear matters that have already been decided on.

Commissioner Tsougarakis agreed.

Commissioner Goosby asked if it was possible to go beyond the Court of Appeals.


Mr. Don Garibaldi, Airports General Counsel, responded that the matter could be taken to the U.S. Supreme Court.

Commissioner Bernstein asked the Commission Secretary to send a letter to Burlington Northern on behalf of the Commission denying their request for a rehearing.

\* \* \*

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:35 to go into closed session.

  
Jean Caramatti  
Commission Secretary







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14 May 1986

Smarte Carte, Inc.  
White Bear Lake, Mn.

RE: Possible Redesigning of Carts

Dear Sirs:

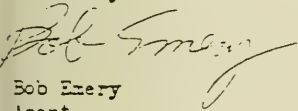
Insurance was provided for Smarte Carte, Inc., and underwritten on the basis of current cart design, any changes in such design, would make it necessary to reevaluate your possible risk exposure.

Such revaluation may or may not, make it necessary to increase your premium, or possibly lead to a midterm cancellation.

Please be aware, that the Minnesota Department of Commerce allows for midterm cancellations, if the insured risk has substantially changed in character since the inception of the policy.

Please keep us informed of any changes, so that we may act on them in a timely manner

Sincerely

  
Bob Emery  
Agent



2480 E. County Road F.  
White Bear Lake, Minnesota 55110-7499  
USA  
Telephone (612) 429-3614  
Wats 1-800-328-9006  
Telex 501215

**smarte carte** INC.

**CART CONTROL SPECIALISTS**

June 3, 1986

TO: SAN FRANCISCO AIRPORTS COMMISSION  
Hon. Morris Bernstein, President  
Hon. J. Edward Fleishell, Vice President  
Hon. Z. L. Goosby  
Hon. Athena Tsougarakis

CC: Louis A. Turpen, Director of Airports

SUBJECT: Statement of position from Smarte Carte, Inc. regarding design of rental luggage carts at San Francisco International Airport for consideration of the Commission at the meeting of June 3, 1986.

Smarte Carte, Inc. (SCI) has, over the life of the company, carefully and thoughtfully developed and redesigned the cart to it's current specifications with two key considerations in mind; function and safety.

More than ninety-five percent of SCI's revenues are derived from airport rental operations. Therefore, SCI is totally committed to the needs of airport facilitators and the air traveling public.

SCI has invested in excess of \$100,000 in developing, prototyping and evaluating no less than sixteen luggage cart designs from 1977 to 1986, and at all times, the concern has been focused on maneuverability, steerability, stability and safety for passengers, as well as facilities. For example, the cantilevered section is specifically constructed to keep large loads of luggage in check.

One of those sixteen designs includes the "L" shaped cart. SCI rejected this design for two main reasons; it was found to be too unstable for luggage under many conditions and for use as a stroller, and loading and unloading from the control unit becomes more difficult for the passenger.

SCI's insurance carrier has stated that any change to the design of the current luggage cart may result in cancellation of any and all existing liability insurance coverage. A letter from our insurance carrier is attached.

Smarte Carte, Inc. earnestly wishes to fully cooperate with this Commission and any reasonable demands made by it. The "L" shaped cart concerns us because of questions regarding insurance coverage and safety. Would you please address these concerns?

Yours truly,

  
Glenn Smith

Director, Sales and Operations



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

JUNE 17, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**  
President

**J. EDWARD FLEISHELL**  
Vice-President

**DR. Z.L. GOOSBY**  
**ATHENA TSOUGARAKIS**  
**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**  
Director of Airports

**San Francisco International Airport**  
**San Francisco, California 94128**



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of the Minutes  
Airports Commission

June 17, 1986

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Minutes  
of the  
Airports Commission Meeting

June 17, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:

Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Athena Tsougarakis  
Don Richards Stephens

Commissioner Goosby arrived at 9:04 AM

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 20, 1986 were adopted by order of the Commission President.

No. 86-0142

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of resolution 86-0140 regarding an agreement with Alexander, Millner and McGee for legal services at the closed session of June 3, 1986.

\* \* \*

E. SPECIAL ITEM:

The following item was removed from the calendar.

1. Request for Modification of Insurance Requirement: SFO Airporter Permit

Mr. Lou Turpen, Airport Director, said that at the last meeting the



Commission lowered the general liability insurance requirements for the new Airport Motor Coach permit from \$20-million to \$5-million. He said that Mr. Leonoudakis objected and requested that the insurance requirement remain at the current level of \$2-million.

Mr. Gordon Esposto, representing SFO Airporter, told the Commission that it would be very expensive to get this additional coverage. He said that SFO Airporter has had the same coverage since the contract began and they have only had one claim, which was for general liability, in the amount of \$500. He said that Airporter met PUC's requirement and he felt the Commission should retain the same amount of insurance until the contract goes out to bid. Mr. Esposto said that Mr. Kevin O'Shea, Airporter's insurance agent, was present to answer any questions.

Commissioner Stephens asked how much it would cost Airporter with the additional coverage.

Mr. Esposto responded that the additional insurance would raise the cost to \$62,000.

\* \* \*

#### F. DIRECTOR'S REPORTS:

##### 2. Ground Transportation at San Francisco International Airport

Mr. Turpen said the hotel/motel courtesy vehicle operators object strenuously to paying this type of fee to use the Airport. He said that he sent the Commission copies of correspondence from these operators and expects them to come before the Commission to appeal for a lesser fee. Some of the operators have talked in terms of 30¢, 50¢, 60¢ and 70¢ but no one has talked in terms of \$1.00 per trip.

Mr. Turpen said that the reason for his report is to keep the Commission apprised of what is happening. Staff has outlined a schedule believed to be achievable. That schedule includes mailing the redraft of the rules and regulations to all interested parties on July 1; propose a continuation of the public hearing on July 15. The Commission would then have until August 5 to think over comments made by the public as well as staff recommendations and render their decision on August 5. Thirty days later the Airport would then begin issuing permits to ground transportation operators.

Mr. Turpen said that the numbers have been made available to ground transportation operators and a meeting has been scheduled with them for June 25 to go over this issue.

Commissioner Goosby asked how many trips the hotel/motel operators make on the average.

Mr. Turpen responded that they make 1200 trips a day.

Commissioner Goosby asked what the average cost was per day per hotel.

Ms. Angela Gittens, Deputy Director for Business and Finance, responded that based on the hotel/motels captured in the sampling, the cost ran from seven for the Howard Johnson and the Vagabond Inn to a high of 215 for the Amfac Hotel. She said that Villa, for example, is 30 per day.



Ms. Gittens said that it would cost Villa \$11,000 a year if the fee was \$1.00, and, \$12,000 to \$13,000 for \$1.03 per trip. She said that under the old graduated scale Villa would have had to pay \$4000.

Mr. Turpen explained that the sample was predicated on an uncontrolled roadway with vehicles circling so the numbers are high compared to what actually will happen. He said that a courtesy vehicle will loop the roadway in order to pick up two or three hotel patrons in a single trip. That single trip for the hotel might result in three or four trips for the Airport as the courtesy vehicle continues to circle.

Mr. Turpen suggested that two things might help this: the first alternative is a staging area for vehicles to wait rather than circling; the second is charging a fee. Staff feels that the ground transportation operators will be a lot less likely to indiscriminately circle the roadway if they were charged a fee.

Commissioner Goosby asked what they were currently paying per month.

Ms. Gittens responded that it was \$75 per vehicle.

Commissioner Stephens asked when the \$1.00 would be paid.

Mr. Turpen responded that staff is considering a requirement for operators to file an estimate of the number of trips they plan to make to the Airport during a month with staff. That estimate will be audited and operators will be sent a bill at the end of each month based on the actual number of trips. He added that there are automated mechanisms that can be installed for doing traffic counting.

Commissioner Stephens said that the method of payment would then be different from that of the taxi drivers. He said that if the operators agree they will have a certain number of trips to the Airport a day, then a circling trip picking up two or three passengers is one trip.

Mr. Turpen said that a trip has been defined as any passage by the International Terminal on the upper or lower level.

Commissioner Fleishell asked if Mr. Turpen expected these operators to report the number of trips on an honor system.

Mr. Turpen responded that he expected the operators to file their estimated number at the beginning of the month. That number will be audited by one of several mechanisms. He said that the Airport would not be able to get into an automated counting system by September. He said that such a system would tell us which company passed the terminal and when. He added that it was a management tool for the company as well as the Airport.

Commissioner Bernstein asked Ms. Gittens if she said there were 150 trips a day.

Ms. Gittens responded that she said there were 1200 trips per day for the hotels/motels combined. She said it does not include San Francisco hotels because they do not run courtesy services to the Airport on a routine basis. She said if a downtown hotel sends out a courtesy vehicle it is usually a limousine and that would fall under the limousine procedures.





Mr. Turpen said that some of the downtown hotels have contracted with van services like SuperShuttle, Lorries and California Mini Bus to pick up their passengers for them.

Commissioner Bernstein said he received a letter yesterday from the Restaurant/Hotel Owners Association who claim that they make some 400 trips a day just on the upper level. He wanted to know if they also use the lower level. Commissioner Bernstein also asked if the purpose of the fee was to make additional money for the Airport or to control traffic.

Mr. Turpen responded that the Airport has an obligation to cover costs within a cost center and this cost center has been operating at a deficit. He added that those persons who enjoy the use of the Airport roadway system in the promotion of their business have an obligation to pay for that roadway system and for the cost of its operation.

Commissioner Bernstein asked if we were trying to make a profit.

Mr. Turpen responded that we were not. He said that it has been operating at almost a \$1-million deficit for a couple of years and has been subsidized by other aspects of the Airport operation. He explained that when the Airport signed the agreement with the airlines the idea was that each area of the Airport would pay its own way and that the airlines would not be obligated to subsidize other parts of the Airport. He said that at this point we are subsidizing a lot of these companies and underwriting the cost of their transportation operations to the Airport with money from other cost centers.

Commissioner Fleishell agreed that every truck entering the Airport is subsidized. According to the Lease and Use Agreement we cannot charge a fee to any supplying vehicle to any tenant at the Airport.

Mr. Turpen argued that the airlines are paying 35 percent of the cost of the Airport and he firmly believed that they have a right to have their suppliers come onto the Airport. That 35 percent goes to cover the cost of those trucks. He said that the hotel/motel people don't pay anything other than a token fee for operating on the Airport. He concluded by saying that the Commission can set the rate at anything it wants. The Commission can waive the rates, or it can set the rates at 16¢. He said it was his obligation to recommend a reasonable fee under the circumstances and that is what he is doing.

Commissioner Stephens asked who was not included in this.

Mr. Turpen responded that persons not included in this regulation are persons under contract to the Airport such as SFO Airporter, Associated Limousines, on-Airport rental cars, and taxi cabs.

Commissioner Stephens said that taxi cabs pay a fee as they leave the Airport and limousines pay by contract. He asked if they will submit chips as they leave the Airport and then pay according to the number of trips.

Mr. Turpen responded that the limousine contract was a competitive bid and Associated Limousine agreed to pay the Airport \$427,000 per year for the right to take limousine traffic from the Airport.

Commissioner Stephens asked if all limousines in San Francisco belonged to that association.



Mr. Turpen responded that Associated Limousine specifically is allowed to pick up at the Airport. He said that there are other limousines which come to the Airport but they cannot operate as Associated operates. Associated is allowed to have a counter on the lower level of the terminal and to take walk-up traffic to that counter downtown. Other limousine services must operate totally on a pre-arranged basis.

Commissioner Stephens asked if the other limousine services paid a fee or where they treated as anyone else coming to the Airport.

Mr. Turpen responded that they are obligated to park in the garage and pay whatever garage rate they have.

Commissioner Bernstein asked if the proposed fees would bring a profit.

Mr. Turpen responded that these fees would not bring a profit.

Commissioner Bernstein did not object to charging a fee but he did feel it should be reasonable and based upon the cost and use of the roadway.

Mr. Turpen responded that staff has based the fee on the cost of maintaining the roadway. He said that the fact that the operators being affected by the fee don't like it cannot be helped. He said that if the Commission feels the figure staff is recommending is too large an increase it can set any number it likes. Based on the volume we have today, the cost to operate the roadway is about \$1.00 per vehicle.

Commissioner Goosby asked what the cost was based on.

Mr. Turpen responded that it was based on maintenance and amortization of the roadway.

Ms. Gittens said it was the amortization of the capital costs plus the operating costs of the police.

Commissioner Bernstein felt that the operating cost should be divided among everyone who uses the Airport, including Airport employees.

Commissioner Fleishell said that it should also include passengers who don't park at the terminal.

Ms. Gittens responded that it does. She said it also includes private vehicles who pay their way via the garage. If the estimated cost of private vehicles is taken versus the revenue from the garage you would see how these ground transportation operators are being subsidized. She added that if a private passenger vehicle pulls up to the curb and picks someone up rather than parking in the garage, that vehicle is getting off free.

Mr. Turpen added that that individual is not engaged in a commercial venture. He said that it was impractical to try to reach the 13-1/2 million people a year coming into the Airport.

Mr. Turpen reminded the Commission that it has a policy of not subsidizing any aspect of business. He said that this first came up during discussions on valet parking.



Commissioner Bernstein argued that the Commission does not set the fee; the fee is set based upon information the Commission receives from staff.

Commissioner Tsougarakis said that the only thing the Commission counters with is the number of letters it receives from particular interest groups.

Commissioner Stephens said that the whole purpose of staff is to provide the Commission with these figures. If the Commission is not going to believe the figures they receive then the staff should be changed. If this is the cost of maintaining the Airport roadway he wondered why we wouldn't pass that cost on. He said that if the policy is that the Airport should not make a profit out of a particular function that is fine. If the policy is to recover our costs and not subsidize and staff informs the Commission that the cost is \$1.00, then until proven differently we should believe the staff and charge \$1.00.

Commissioner Goosby asked Ms. Gittens to prepare the figures she mentioned.

Commissioner Tsougarakis said that the big cost for the operator is owning a van, not the \$1.00 a trip. The operators can work the fee into their prices.

Commissioner Goosby said that perhaps the fees could be graduated. He did not feel that the vans had to be the same color if a magnetic chip is placed on each van.

Mr. Turpen said that was no longer an issue. The only issue is financial.

Commissioner Stephens said he would like to see included in that information to be provided by Ms. Gittens a rough breakdown on how the roadway cost is allocated.

Commissioner Bernstein asked if it was true that \$1-million is the total amount being charged to the courtesy vehicles.

Mr. Turpen responded that the total charge will be about \$1.1-million.

Commissioner Goosby said that the room rates at surrounding hotels/motels reflect these charges but the hotels located in San Francisco who occasionally come out to the Airport don't pay anything.

Ms. Gittens responded that if a San Francisco hotel sends out a limousine it parks in the garage and pays whatever fee is incurred.

Commissioner Goosby said he did not see anything wrong with a passenger informing the limo company that he will be curbside in front of a particular airline and to pick him up there. This will eliminate the need to park in the garage.

Mr. Turpen said that the Airport was considering permits for official pick-ups but it would not include private vehicles. He said that in 1979 the Airport did not know what limousine companies or hotel/motel operators were serving the Airport. He said it took us until 1981 to figure it out and until that time no fees were charged.

Mr. Turpen said that the roadway is being congested by indiscriminate use and staff felt that permitting vehicles would ease the problem. He added that there is an obligation under the Lease and Use Agreement to balance the cost in the cost center.



Commissioner Fleishell said he did not think that those individuals who are involuntarily involved in transportation, i.e. hotels/motels, should be charged the same fee that those individuals who are directly in the transportation business. A small hotel or motel is forced into providing a van and they should not be charged in the same way. He said that Los Angeles does not charge.

Mr. Turpen responded that Los Angeles has yet to get their act together on ground transportation and cannot be used as an example in this case.

Commissioner Fleishell said he could not think of any airport that charges a fee.

Mr. Turpen said that since SFO tends to be the leading Airport in the development of ground transportation that would be true.

Ms. Gittens added that other airports are waiting for us to establish procedures because we tend to be first in this area. Staff has looked at several airports and most of them either don't have a permit system or the system refers only to buses, or, buses and limousines. She said that some of the attempts by other airports have been tied up in court. She said that New York has a system for their buses and taxis but they are trying to pull something together.

Commissioner Tsougarakis pointed out that the situation at SFO is not necessarily comparable to airports like Seattle and Los Angeles.

### 3. Status of United Airlines International Operations

Mr. Turpen said that on May 1 United relocated their operations to the International Terminal. He said that most of the issues have been resolved. The outstanding issues are the relocation of SFO Helicopter from the United area. The problem is presently being studied and he hoped to have some resolution in the near future. The executive documents issue is self-explanatory.

Mr. Turpen said the big issue is leasehold space. When the Airport entered into the Lease and Use Agreement all the space at the Airport was leased to the airline community with small exception. He said this caused some serious problems in terms of United launching its operations in the International Terminal because they were forced to go to PAN AM to secure additional space. He said that has been accomplished.

Mr. Turpen explained that there are four major categories in space: operation space, which has been secured from PAN AM; ticket counter space, which has also been secured from PAN AM and the Airport as of last Friday; the VIP Room is still an open issue. He said that United attempted to work with PAN AM but nothing developed so staff is now working with United to try and find them VIP space in the International Terminal. The last space-related area is the interline bag system and out-bound bag belt system. He believed those issues have finally been resolved.

Mr. Turpen felt that in view of the magnitude of the change and the method in which we arrived at the change, things have gone very smoothly.

Commissioner Goosby was happy to see what he felt was the final step in the agreement. He congratulated staff on their efforts.





\* \* \*

G. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was removed from calendar:

4. United Airlines Cogeneration Facility

Resolution approving agreement with United Airlines, Inc. and lease to PG&E in connection with United Cogeneration Facility.

Mr. Turpen said that this item was placed on calendar as an accommodation to United Airlines. He is bringing it to the Commission's attention because he wants them to be aware that staff has been working diligently to try to bring this matter to closure. He said that it is United's inability to come to closure with PG&E which has caused this delay. United has been told that they must be ready to come before the Commission by July 15.

The following item was unanimously adopted.

5. Award of Contract No. 1432A:  
Relevel Runway 28R, Extend Taxiway 'K' and Fillets of Taxiways 'D' and 'R'

No. 86-0143

Resolution awarding Contract No. 1432A to Ghilotti Bros., Inc. in the amount of \$5,090,100.

Commissioner Bernstein called on Mr. Mike Kirkley of McGuire and Hester.

Mr. Kirkley said that his company was the second low bidder on this project. He said that the best interest of the Airport and the taxpayers would not be served in the award of this contract to Ghilotti Brothers. He referred to page 2, paragraph 5 of the memorandum addressed to the Commission from Mr. Turpen which reads that "...on June 5, 1986 Ghilotti Brothers, the apparent low bidder, informed us that their bid contained an error resulting in an under bid of \$650,000 and desired to withdraw their bid. However, after several meetings, Ghilotti Brothers has agreed to abide by their bid."

Mr. Kirkley said McGuire and Hester questioned what went on at those meetings. They have asked for any information that was made available at those meetings with Airport staff but his company has been unable to receive any information as to what happened. If the contractor was low by \$650,000 and subsequent agreements were made at that meeting, his company would like to know. He said that this was a public bid and modifications made at subsequent meetings are also public information. He said his company was not party to or given any information regarding those meetings.



Mr. Kirkley said his company attended the pre-bid conference and spent a lot of time developing a very tight schedule. He said this was a critical job and his company spent time with all of the subs trying to detail out accurate timetables. His company feels that any contractor who is \$650,000 low on a contract of this size did not observe those constraints. Further, the electrical sub listed by Ghilotti did not obtain any sub-quotes or second tier or supplier vendor quotes from any of the electrical suppliers. He said that his company questioned whether or not the subcontractor even solicited bids. He said that the subcontractor did not attempt to contact any of the general contractors known to McGuire and Hester.

Mr. Kirkley said that the contractor could be fined \$20,000-a-day liquidated damages in four phases of the work. He said that any slip in any one of those four phases could ultimately result in \$100,000 in liquidated damages per calendar day of work. He said that in view of this, the job should not be taken lightly.

Mr. Dennis Bouey, Deputy Director, Facilities, Operations and Maintenance, said that this was a difficult decision to make. He said that Ghilotti is clearly under the other bidders but it is also clear that they made a mistake. He said that Ghilotti explained to him that the \$650,000 was a clerical error. He said the Airport could release Ghilotti from their bid.

Mr. Bouey said that contrary to what Mr. Kirkley said he knew of no contact made by his firm as of 2:30 PM yesterday but would be happy to summarize those meetings.

Mr. Bouey explained that the Airport is not in a position to re-bid. The Airport could claim Ghilotti's bid bond. He said that Ghilotti Brothers has successfully completed seven projects for the Airport. He explained that this contract, like the others, is done on a unit price basis. So many dollars per ton are bid and so many dollars per widgit. He said that what often happens is that a bidder might bid \$10 per widgit but if the price for a widgit drops down to \$1.00, no contractor has ever approached staff and offered to give back \$9.00 a widgit.

Mr. Bouey said that Ghilotti will lose money on this; at best they will break even. He said that they have made money on other contracts and this is part of the risk of doing business. Ghilotti has indicated that they will gladly go forward as they do not want to suffer a credibility gap if they were to back out of this bid. Mr. Bouey said this is a difficult situation and our inspectors will have to watch this contract very closely for claims.

Mr. Bouey told the Commission that this contract is very critical. He explained that this type of contract cannot be done in winter because it's raining, the ground is too soft in spring, and, the airlines don't want it done in summer. The only time it can be done is during the fall.

Mr. Bouey said that it was originally thought that it would be done in a phase schedule but when staff met with the airlines and the FAA they asked if there wasn't some way to tighten up the schedule. The schedule was eventually tightened by combining four major projects on the runway to keep the closure time to a minimum.

Mr. Bouey said that because closure of the busiest runway is such an important factor in terms of costs to the airlines, staff has gone to unprecedented lengths in liquidated damages. He said that normally on a construction project the Airport would charge \$1,000 to \$3,000



per day in liquidated damages but in this instance there is a series of liquidated damages that could run anywhere between \$10,000 and \$50,000. He said this is to provide the contractor with the motivation to complete the job quickly. He said that the contractors will be working a minimum of 16-hours a day with three or four crews, and at times, 24-hours a day.

Commissioner Stephens said that he got the impression from Mr. Kirkley that because Ghilotti had so underbid the contract the Airport had somehow relaxed the specifications.

Mr. Bouey said that is not the case. The bid specifications are exactly the same.

Commissioner Stephens said he heard two numbers, \$650,000 and \$1,250,000. He asked how they relate.

Mr. Bouey responded that the difference between the first bid and the second bid is \$1,250,000. Ghilotti said that if they hadn't made a clerical error their bid would have been approximately \$5,750,000.

Commissioner Stephens said that they would still have been the low bidder. He asked if we were going to pay Ghilotti the \$5,090,000 and let them absorb the \$650,000.

Mr. Bouey said that was correct.

Commissioner Stephens asked if Ghilotti was a substantial company. He did not want the Airport placed in the middle if they were not able to absorb the cost.

Mr. Bouey said that Ghilotti is a substantial company. He said he did not want to mislead the Commission. This will be a tough contract as Ghilotti is not in the business to lose money. He said there is other construction going on at the Airport but all but one project will be closed down and all Airport construction inspectors and a couple of extra project managers will be assigned to watch this project night and day. He said it will be a fight but he feels Ghilotti's attitude is good and they do not want to jeopardize their standing with the Airport or other public agencies. He said that Ghilotti does not like it but they are willing to stand behind their bid.

Mr. Kirkley said that McGuire and Hester has also been very successful at the Airport, having completed five major projects. He said he has bid and managed all five of them and he is well aware of the inherent problems. His company just completed contract 788 which involved work on the dikes at the end of 28L and 28R. He said this contract had critical time constraints as both runways had to be shut down. He understands how important these schedules are and that is why he claims the Airport is not going to be served in this award. He did not feel there was any way a contractor could take a job and lose \$650,000. All the profit and all the overhead is gone and these are things on which he felt the award should be based.

Commissioner Bernstein said that since Ghilotti Brothers has completed six or seven jobs at the Airport he could not assume that they will not do a good job on this contract. He said he was in complete sympathy with Ghilotti and if it were his business he might arrive at another conclusion.

Mr. Kirkley asked the Commission to take into consideration the fact that Ghilotti admitted they were \$650,000 in error yet after several



meetings with Airport staff they agreed to take the bid. He wanted to know why.

Commissioner Bernstein asked Mr. Kirkley if he ever made any bad bids.

Mr. Kirkley said he has and they were pulled.

Commissioner Bernstein hoped that Ghilotti was substantial enough to withstand that kind of a loss.

Mr. Bouey said that if there had been any way to let Ghilotti Brothers out of their bid he would have done so.

6. Design Approval - Duty Free/In-Bond Fast Shop

No. 86-0144

Resolution approving the redesign and authorizing construction of the Duty Free Fast Shop in the International Terminal.

7. Authorization to Enter Into Month-To-Month Permit for Temporary Flower Sales in International Terminal

No. 86-0145

Resolution authorizing month-to-month permit to Heller Roberts, Inc. for temporary flower sales on the arrival level of the International Terminal.

Mr. Turpen said that this is requesting permission to issue a permit for a concession. He said a cart will be placed in the meeter/greeter area of the International Terminal. He explained that although Duty Free has an exclusive right to sell flowers they do not object to this and signed a letter on May 2 waiving any and all rights to sell flowers from a cart. He said he would like to try this for six months.

8. Modification of Professional Services Agreement:  
Simpson, Gumpertz & Heger, Inc.  
Roofing Consultant - \$18,500

No. 86-0146

Resolution approving Modification No. 1 of Agreement with roofing consultant to inspect and recommend corrective work for deficiencies in Boarding Area 'D' roof. Consultant's fees will be charged to Contractor.

Mr. Turpen explained that the roof no longer leaks but the problem is that when Boarding Area 'D' was being built the roof became soaked and rainwater is trapped in there. He said that the contractor has not been able to sort out this problem. He said that before the \$100,000 is released to the contractor he would like this resolved.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, explained that the consultant has an infra-red device that detects moisture without penetrating the roof.

Commissioner Bernstein asked if there was no one on staff who was qualified to do this type of work.





Mr. Yuen said this work requires a special infra-red instrument. He added that the \$18,000 will not be charged to the Airport, it will be charged to the contractor.

Commissioner Fleishell said that Commissioner Stephens asked why we were amending our contract with them and paying the consultant direct.

Mr. Yuen responded that it was because we do not want the contractor to hire his own consultant to tell us what to do.

Commissioner Fleishell asked why we couldn't have the contractor hire this consultant.

Mr. Yuen responded that he did not want the contractor to sign the check to the consultant. He said he wants to be able to control the consultant. The contractor is willing to hire this consultant but since we have a contract with them we would rather hire him so that the Airport would retain control.

Commissioner Fleishell asked if there is anything in writing indicating that the contractor will reimburse the Airport for this work.

Mr. Yuen responded that this was agreed upon in a letter. He explained that the Airport is holding \$100,000 of the contractor's money from which the \$18,000 will be deducted.

\* \* \*

#### I. CONSENT CALENDAR OF ROUTING ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

##### 9. Retirement Resolution - Francis C. Capone

No. 86-0141

##### 10. Contract 1013R, Change Order Approval

No. 86-0147

Commission Resolution approving necessary changes to Contract 1013R, Computerized Parking Control System, also approving improved data transmission technology at lower cost to SFIA.

Commissioner Goosby asked when this would be finished.

Mr. Turpen responded that it will be completed on August 11.

##### 11. Tenant Improvement: UAL-MOC Building 84 Modification to Support Engine Overhaul Stands T-3126 - \$135,000 - No Cost to City

No. 86-0148



\* \* \*

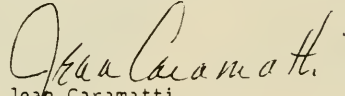
J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:00 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

JULY 15, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

July 15, 1986

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G.

PUBLIC HEARING:

19.	Amendment to Rules and Regulations... A court reporters transcript is attached.		9
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Minutes  
of the  
Airports Commission Meeting

July 15, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:

Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

Don Richards Stephens arrived at  
9:07 AM

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the following meetings were adopted by order of the Commission President:

No. 86-0150  
No. 86-0151  
No. 86-0152

Special Meeting of April 22, 1986;  
Regular Meetings of June 3; and,  
June 17, 1986

\* \* \*

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

I. CLOSED SESSION:

The meeting recessed at 9:03 AM to go into closed session and reconvened at 9:33 AM.

\* \* \*



E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following items were unanimously adopted.

1. United Airlines Cogeneration Facility

No. 86-0153

Resolution approving: (a) lease with PG&E for installation of towers and cable for transmission of electrical energy from United's Cogeneration Facility to PG&E's facility; (b) agreement with United for provision of power to Airport from Cogeneration Facility when PG&E is incapable of providing power; and (c) concession agreement whereby United will make monthly payments to the Airport from cogeneration revenue.

Mr. Lou Turpen, Airport Director, said that this item has come before the Commission on a number of occasions. Mr. Bouey and his staff have finally been able to work out the appropriate arrangements with United Air Lines. He said that the resolution contains an agreement with PG&E to install some towers and cable to the United Cogeneration facility; an agreement with United Air Lines to provide for emergency power to the Airport; and, a provision for concession payments to the Airport amounting to \$6-million over the life of the agreement.

2. Authorization to Hold a Pre-Bid Conference:  
Cigarette Vending Machines in the International Terminal

No. 86-0154

Resolution to authorize the Director to hold a pre-bid conference to solicit input for and interest in the lease for Cigarettes Vending Sales in the International Terminal.

Commissioner Tsougarakis asked why it was necessary to hold a pre-bid conference rather than go directly to a bid.

Mr. Turpen responded that it is always best to hold a pre-bid conference to let prospective bidders air their views.

The following item was unanimously adopted as amended.

3. Resolution Authorizing Reimbursement - Northwest Airlines, Inc.

No. 86-0155

Resolution authorizing reimbursement to Northwest Airlines, Inc. for work performed on behalf of the Airport on the fourth floor of the International Terminal Building.

Mr. Turpen said that this item relates to the Commission's previous approval of Northwest's VIP room in the South Connector. The resolution should read \$103,462.00 rather than \$118,462.00.





4. Award of Professional Services Contract for Construction Material Testing Services to Signet Testing Laboratories, Inc. - \$37,000.

Resolution awarding professional services contract to Signet Testing Laboratories, Inc. to supplement City Lab's testing services.

Amendment is to: (1) increase scope of work to include testing services for Phase III projects; (2) extend contract termination date to July 1, 1988; and, (3) provide final phase funding not-to-exceed \$96,000

Commissioner Bernstein asked if the Commission shouldn't be receiving specifications for this.

Metal wall mural by Tony Berlant.....	\$100,000
Bronze and granite sculpture by Jack Zajac.....	18,000
Copper and glass sculpture by Howard Ben Tre.....	25,000
Concrete, marble, copper and glass sculpture by Fran Martin	6,500
Oil on canvas painting by Robert Ramirez.....	3,500
Acrylic and sand painting by Wade Hoefer.....	4,500
Acrylic and polymer painting by Leslie Lerner.....	4,000
Oil and wax painting by Michael Dvortsak.....	6,500
Mixed media on canvas painting by Raymond Saunders.....	20,000



F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

7. Retirement Resolution:  
James Bilk

No. 86-0159

8. Renew Howard Friedman's Professional Services Contract for Fiscal Year 1986-87 at No Additional Cost. Contract Amendment Extends Term of Contract to June 30, 1987

No. 86-0160

9. Statistical Adjustment 1985-86 - Joint Use Billings under Lease and Use Agreement

No. 86-0161

Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline - Airport Lease and Use Agreement for Total Air, Inc.

10. Statistical Adjustment 1985-86 - Joint Use Billings under Lease and Use Agreement

No 86-0162

Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline - Airport Lease and Use Agreement for Trans International Airlines, Inc.

11. Statistical Adjustment 1986-87 - Joint Use Billings under Lease and Use Agreement

No. 86-9163

Resolution adjusting 1986-87 Joint Use Billings pursuant to Section 101.W of the Airline - Airport Lease and Use Agreement for Cathay Pacific Airways, Ltd.

12. Award of Contract No. 1728:  
Repair of Timber Trestles at Drainage Pump Station No. 2

No. 86-0164

Resolution awarding Contract No. 1728 to Alan R. Barreca, Inc. in the amount of \$46,000. Two bids were received on June 26, 1986 ranging from \$46,000 to \$86,700.



13. Type II Modifications for Two South Terminal Complex Construction Contracts

No. 86-0165                      Contract 1410ABCD -  
South Terminal Renovation -  
Phase I.....\$91,902.55

No. 86-0166                      Contract 1410EF -  
South Terminal Renovation -  
Phase II.....\$28,848.00

14. Award of Airport Contract No. 1727:  
Emergency Pavement Repairs 1986-87

No. 86-0167                      Resolution awarding Contract 1727 to  
Ghilotti Bros. in the amount of  
\$112,850. Three bids were received on  
June 27, 1986 ranging from \$112,850 to  
\$290,180.

15. Airport Contract No. 1632:  
Emergency Roofing Repairs - Modification No. 1 (Type 2)  
Extension of Time

No. 86-0169                      Resolution approving contract modifi-  
cation extending the completion date  
from June 30, 1986 to September 28,  
1986. This contract provides for roof  
repairs on an as-needed basis.

16. Airport Contract No. 1568R:  
Paving the Center Area of Garage - Modification No. 1 (Type 2)

No. 86-0169                      Resolution approving contract  
modification in amount of \$12,127 for  
additional work due to unstable  
subsoil.

17. Rejection of Bids and Authorization to Re-Bid Airport Contract  
No. 1735 -  
Broken and Damaged Glass Replacement, International Terminal

No. 86-0170                      Resolution rejecting single bid for  
Contract No. 1735, and authorizing the  
Director of Airports to re-advertise  
and call for bids when ready. This  
bid was substantially over budget.

18. Request for Approval of Travel/Training for Airports Commission  
Representatives

No. 86-0171



\* \* \*

G. PUBLIC HEARING:

The Public Hearing was convened at 9:45 AM and adjourned at 11:02 AM, there being no further testimony from the public.

A court reporter's transcript of the following item is attached.

19. Amendment to Rules and Regulations

Public Hearing regarding proposed amendments to the Airport's Rules and Regulations governing ground transportation operations.

\* \* \*

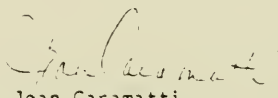
H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 11:02 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary





SAN FRANCISCO INTERNATIONAL AIRPORT

MEETING OF THE AIRPORTS COMMISSION

---oOo---

SAN FRANCISCO CITY HALL, ROOM 282

SAN FRANCISCO, CALIFORNIA

Tuesday, July 15, 1986, 9:00 a.m.

CERTIFIED COPY

---oOo---

Taken Before CHARLOTTE CERVANTEZ, Notary Public

County of Alameda, State of California

C.S.R. LICENSE No. 4486

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1                   SAN FRANCISCO INTERNATIONAL AIRPORT COMMISSIONERS

2                   HONORABLE MORRIS BERNSTEIN, President

3                   HONORABLE DR. Z.L. GOOSBY, Commissioner

4                   HONORABLE J. EDWARD FLEISHELL, Commissioner

5                   HONORABLE ATHENA TSOUGARAKIS, Commissioner

6                   HONORABLE DON RICHARDS STEPHENS, Commissioner

7  
8                   LOUIS A. TURPEN, Director of Airports

9                   DONALD GARIBALDI, Airport General Counsel

10                  JEAN CARAMATTI, Airports Commission Secretary

11  
12                  REPORTER'S TRANSCRIPT OF PUBLIC HEARING

13                  Tuesday, July 15, 1966

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## 1 AMENDMENT TO RULES AND REGULATIONS GOVERNING

## 2 GROUND TRANSPORTATION OPERATIONS

3 P U B L I C H E A R I N G4  
5 MS. CARAMATTI: Amendment to rules and regulations.6 MR. BERNSTEIN: This will be a public hearing that  
7 we will hold today where we have -- I have some requests from  
8 the people in the audience, and I'm going to call on them in  
9 alphabetical order --

10 MR. TURPEN: Excuse me, sir --

11 MR. BERNSTEIN: -- as usual.

12 Where is Al Arnaud --

13 MR. TURPEN: Ladies and gentlemen, the Commission is  
14 continuing the public hearing which started some -- I've  
15 forgotten when the last one was -- but a continuation of the  
16 last public hearing. The Commission intends to conclude the  
17 Public Hearing on the proposed Ground Transportation Rules  
18 today.19 The Commission will take your testimony as well as  
20 the recommendations of staff under advisement, and the  
21 Commission intends to make a decision, if it's ready to, at the  
22 first -- at its first meeting in August, which will be the first  
23 Tuesday in August. So, therefore the Commission will not --24 Do not anticipate nor expect the Commission to make  
25 a decision today; the Commission will not. Typically the  
26 Commission's policies and procedures call for the commission to  
27 take these matters under advisement and make a decision at its  
28 next regular meeting.



1 MR. BERNSTEIN: I'd like to request that we --  
2 We've heard some of you before, and if it's possible to have all  
3 new material; most of us up here, our memories aren't that bad  
4 that we can't remember what you said two or three weeks ago.  
5 So, in the interest of time and so that we get some of these  
6 things resolved, I ask your indulgence, please give us whatever  
7 new information or new things that you think you have, so that  
8 we haven't heard it eight times over.

9 Let's go, Al.

10 MR. ARNAUD: Just cut my presentation short by 20  
11 minutes.

12 MR. BERNSTEIN: Oh, no, no. I always like to hear  
13 you. Keep going.

14  
15 ALFRED ARNAUD

16 MR. ARNAUD: My name is Alfred Arnaud, I represent  
17 Associated Limosine Operators of San Francisco. Commissioners,  
18 on June 25th of this year we forwarded to Mr. Turpen a letter  
19 delineating our comments and responses to the proposed revised  
20 rules. We would merely this morning ask that that letter be  
21 made a part of the record of these proceedings, and if any of  
22 the Commission members had any questions with reference to the  
23 letter, we would be prepared to answer them at this time.

24 MR. FLEISHELL: No questions.

25 DR. GOOSBY: I have no questions.

26 MS. TSOUGARAKIS: I have no questions.

27 MR. BERNSTEIN: Don, do you have any?

28 MR. GARIBALDI: No.





1 MR. BERNSTEIN: Thank you. You can come back, Al,  
2 if you can keep it that short.

3 Mr. Martin Bloom from St. Louis representing  
4 Park 'N Fly and Metro.

5  
6 MARTIN BLOOM

7 MR. BLOOM: Good morning, commissioners, my name is  
8 Martin Bloom --

9 MR. BERNSTEIN: Would you speak into the mike so  
10 they can hear you.

11 MR. BLOOM: My name is Martin Bloom, and I'm Board  
12 Chairman of Park 'N Fly, but this morning I represent all three  
13 off-airport parking operations. I may need more than three  
14 minutes because we have several subjects to talk about, all of  
15 which are new. I think that you have sheets from the people  
16 from the other two parking operators that would waive their time  
17 for me, so, if I can continue beyond the three minutes, you'll  
18 only hear from one of us. If not, the others would like to  
19 speak.

20 We have several problems with the present scheme of  
21 these proposed regulations. We think that they result from some  
22 very good intentions proposed by some problems, but every  
23 indication is that there were some hasty decisions made by your  
24 staff, and hopefully the Commission will have the judgment and  
25 good sense to rectify some of the hasty decisions.

26 Over a month ago we sent a letter to the staff  
27 requesting data substantiating their claim that it was costing  
28 over \$1 million a year to regulate our vehicles. We honestly



1 believe there's some funny bookkeeping going on. For whatever  
2 reason our letter has never been answered. We still don't have  
3 substantiation. We don't know how on earth the million dollars  
4 the being spent to regulate so few vehicles.

5 We strongly suspect that what the staff is trying  
6 to do is to collect all of the expenses, for all of the police  
7 at all four curbs, from those of us that are only using a small  
8 portion of those curbs. And until such time as the figures are  
9 made public as to where this million dollars is allegedly going  
10 I don't think that the scheme of an increased fee should be  
11 approved.

12 One of the other items that makes us believe that  
13 there's some funny bookkeeping going on is that we three  
14 operators sat down yesterday, added up what we're paying the  
15 airport, and find that from only three operators we're paying  
16 the airport 52 percent of the dollars that you claim that you're  
17 receiving from off-airport courtesy vehicles.

18 Now, we've all spent some time on the curb watching  
19 the courtesy vehicles, and I think it's obvious that we three  
20 operators probably represent no more than five or ten percent of  
21 the trips being made. Now, if we're paying 52 percent of the  
22 dollars, I strongly suspect that not everybody is paying, and in  
23 fact we know that not everybody is paying.

24 Our suggestion would be that before you increase the  
25 fees for everybody, that the first step would be to collect what  
26 you already have authorized from everybody; and what you already  
27 have authorized is \$75 per month for hotel and motel and car  
28 rental courtesy cars, and \$175 per month from parking courtesy



1 cars.

2 Now, I don't know that you have anything authorized  
3 for the off-airport limosine type shuttles, but they should be  
4 slipped into one of those two categories, whatever is  
5 appropriate. I think that if you find a way to block the  
6 cracks, that you're going to collect a lot more money; and if we  
7 find a way to come up with some honest, straight numbers, you're  
8 going to find that after you collect all the money that you're  
9 entitled to, that you're going to be paying all of the expenses  
10 that actually relate to us.

11 One other thing that we strenuously object to about  
12 the current scheme is that supposedly we're paying these  
13 expenses so that we can have some police out there maintaining  
14 law and order. Now, some of us are not abusing our privileges  
15 at the curb; some of us are stopping to drop off our passengers  
16 or to pick up passengers and leaving. Again, all you have to do  
17 is stand at the curb, and you'll find that many operators stop  
18 and wait so as to have a presence.

19 Now, there's no reason for these other operators to  
20 wait at the curb. That curb is a long one. If they're really  
21 there to pick up passengers, there's either a passenger where  
22 they stop on the upper level; or if there's not, they ought to  
23 proceed to the other terminals.

24 I don't know why it is that Avis and Hertz and  
25 National and SuperShuttle are stopping and waiting five minutes,  
26 ten minutes, and I also don't know why it is that these highly  
27 paid policemen are not making them move on. We suggest that if  
28 you're asking us to pay money, that we should receive the



1 service in return, to open up the curb.

2 We have another strong objection to regulations  
3 which we're told is not going to be enforced, and that is the  
4 scheme in the regulations that there will be a ticket collection  
5 area, a holding area with a booth, and that tickets will be  
6 issued to all people that are going to pay. We will have to cue  
7 up in these lines at the booth so as to turn in the tickets.

8 During the meetings with staff it's been pointed out  
9 that this would be chaos; that instead of improving congestion,  
10 that we'll have tie-ups; that we'll have to wait in line five,  
11 ten, 15 minutes; that it will be unfair and unnecessary. Staff  
12 has apparently agreed and said, okay, you're right, we aren't  
13 going to collect the tickets. But we want that provision in the  
14 regulations anyway just in case we have to.

15 Well, this is our only chance to say to you this is  
16 wrong. If staff feels that they don't need to collect the  
17 tickets, then we want that provision out of the regulations now.  
18 And if they ever feel that they need to collect the tickets,  
19 then they ought to come before you, ask for the right, and at  
20 the same time give us the right to come here and say why we  
21 think it might be wrong.

22 One other problem we have, and that is that the  
23 regulations currently do not apply to everybody as written.  
24 There are many people using that curb or many vehicles using  
25 that curb that are exempt from these regulations, specifically  
26 the on-airport parking lot vehicles and the on-airport car  
27 rental vehicles.

28 Now, we're not advocating that these people pay the





1 fees, because we know that the two groups of vehicles are  
2 already paying sufficient fees through their companies.  
3 However, these regulations have certain strong limitations on  
4 the particular frequency of the vehicles. It purports to keep  
5 order at the curb, and to that extent it should apply to all  
6 users. So, certain of the vehicles should not be exempt from  
7 these regulations, and we strongly recommend that they be  
8 included.

9 Thank you.

10 DR. GOOSBY: While you're there, Mr. Bloom.

11 MR. BLOOM: Yes, sir.

12 DR. GOOSBY: Would you say that this is an accurate  
13 figure, that for Park 'N Fly your actual revenues for '84/'85  
14 are in the neighborhood of \$23-, \$24,000?

15 MR. BLOOM: Right, sir, we paid twenty --

16 DR. GOOSBY: That's how much you paid the airport?

17 MR. BLOOM: Yes, sir.

18 DR. GOOSBY: That's per year, for the year?

19 MR. BLOOM: Yes, sir.

20 DR. GOOSBY: All right. And that's based upon 7599  
21 trips per month in that area.

22 MR. BLOOM: That's correct, roughly.

23 DR. GOOSBY: Now, if these go into effect, if this  
24 rule change goes into effect, you anticipate having to pass --  
25 you would try to pass this on to your people who park the cars  
26 in your lots, I assume.

27 MR. BLOOM: I don't know if we could or not, sir.

28 DR. GOOSBY: Well, how much would you, if you tried



1 to pass on what you thought you could, how much more would you  
2 have to kick up your parking fee? Have you thought through  
3 that, your company?

4 MR. BLOOM: No, we haven't. We are subject to taxes  
5 from many organizations. Unfortunately every possible  
6 jurisdiction in which we do business feels that they can add  
7 something, and then we can pass it on.

8 The City of South San Francisco three years ago  
9 decreed that we pay four percent of our gross to them as a  
10 parking tax, and when we said that that wasn't right, they said  
11 "pass it on." The Public Utilities Commission collects one  
12 percent of that portion of our gross that's attributed to the  
13 cost of transportation, and their attitude is "pass it on." And  
14 now the airport wants to raise fees and says "pass it on."

15 We would agree with you that we ought to pay our  
16 fair share of your expenses. We have no problem with that. If  
17 we're not paying our fair share, we'd like to be shown some  
18 accurate figures that really show that we're not paying our fair  
19 share. When we're shown accurate figures, if we're not paying  
20 our fair share, we will be happy to pay more as long as  
21 everybody pays a comparable amount.

22 DR. GOOSBY: Okay.

23 MR. BLOOM: Any other questions before I sit down?

24 MR. FLEISHELL: No, sir.

25 MR. BLOOM: Thank you.

26 MR. BERNSTEIN: Thank you, Mr. Bloom. When I get  
27 into trouble, I'll call you.

28 Nicky Cheung? Is that it?



1 MR. CHEUNG: Mr. Bloom has already spoken for us,  
2 thank you.

3 MR. BERNSTEIN: Fine, thank you.

4 Mr. Conklin, Howard Conklin, from the Alamo  
5 Rent-a-Car.

6  
7 HOWARD CONKLIN

8 MR. CONKLIN: Good morning, I'm here on behalf of  
9 Alamo Rent-a-Car, Howard Conklin, and we have a few comments to  
10 make about the proposed regulation. I think Mr. Bloom has done  
11 an articulate job in covering many of the concerns that we also  
12 have, and in particular we believe in paying a reasonable user  
13 fee to offset your cost.

14 We are concerned about these cost projections, for  
15 example the annual expenses of upper and lower roadway costs  
16 of \$94,000 would not be applicable because we're only permitted  
17 to use the one level. This figure alone on its face is wrong,  
18 because it includes the lower level, which we're not permitted  
19 to use. So, I think the cost projections are suspect, and I  
20 think a refinement of those numbers should be in hand before any  
21 assessment of user fees can be made.

22 We also would recommend that whatever fees that have  
23 to be recouped be done on a flat fee basis and apportioned among  
24 the users, to avoid this enforcement problem and tickets and  
25 whatever accounting procedures. It's an accounting nightmare to  
26 do a per-trip basis at times, and I think that's what you will  
27 find.

28 Some of our other observations are that we think



1 these regulations are designed, and we encourage this objective  
2 of reducing congestion at the curb side. And apparently  
3 according to the Alamo office, there are basically two peaks at  
4 the airport, about 11:00 to 3:00 and then at the evening hours  
5 about 7:30 to 9:30. And yet there is very, very little police  
6 activity out there to keep vehicles moving.

7 I think that in effect will ease the congestion far  
8 more than this arbitrary five-minute rule, that you cannot have  
9 vehicles come on airport within a five-minute period --  
10 five-minute interval of each other. And I'll tell you the  
11 problem with that regulation is that Alamo, like many other  
12 users, have groups arriving on the airport at one time, tour  
13 groups maybe numbering thirty to sixty to one hundred.

14 To impose the five-minute rule and say, well, we  
15 know you have a crowd of people waiting, but we're not going to  
16 let you get there to pick them up... so we'll have a curb side  
17 congestion of all these people standing around in peak periods  
18 if we abide by that five-minute rule.

19 Normally the Alamo buses will not be there every  
20 five minutes, but when there are people there, and there's a  
21 demand for buses, which only hold about 14 people, we have to  
22 get the buses on airport as quickly as possible. And to impose  
23 a five-minute interval does not help the problem.

24 The last comment is that I think if we are going to  
25 pay for costs, I would recommend that "A" the signage be  
26 improved; I've been through airports throughout the country  
27 because Alamo is concerned about our relationship with the  
28 airport. This is one of the only airport in the country to my





1 knowledge that that the passengers have to go upstairs to board  
2 the courtesy vehicles to get off airport.

3 Most times they are accustomed to walking out the  
4 baggage exit doors and looking for courtesy vehicles. So, I  
5 think if we are going to pay reasonable fees, I'm requesting at  
6 this point that the signage be improved for the traveling  
7 public, so that they are directed upstairs to board the  
8 vehicles.

9 Over all I think Mr. Turpen should be commended for  
10 an effort to improve things. I think they just need a little  
11 more refinement before they're imposed.

12 Thank you for your time.

13 DR. GOOSBY: You think that the staging area would  
14 help your operation, keep the cost down? To have the staging  
15 area where the buses park and stay, instead of having to go off  
16 and back on the airport?

17 MR. CONKLIN: A staging area might help, but I think  
18 more importantly it would be on-sight supervision by traffic  
19 police. I think that would be the key and not a holding area,  
20 because if you have a holding area, and you still have curb  
21 congestion, you're still going to require vehicles to wait and  
22 wait and wait for the congestion to be removed. So, I think the  
23 key to keeping traffic flowing is -- especially during these two  
24 peaks as I've just enumerated -- to keep human beings out there  
25 control that problem.

26 I'll give you an example of tying up curb space.  
27 When I arrived yesterday, the Avis bus was there, and the driver  
28 actually stopped his bus to collect everyone's contract to find



1 out where they were going to. And this took about two minutes.  
2 He could have done that when he arrived at the gate to his  
3 facility. Instead he took up valuable curb space to collect  
4 each and every ticket. And there was absolutely no one there to  
5 say "move on" or "get back to your driver's seat where you're  
6 supposed to be and stop collecting your contracts."

7 So, that's an illustration of a policing effort that  
8 really is required.

9 DR. GOOSBY: Thank you.

10 MR. CONKLIN: Thank you.

11 MR. BERNSTEIN: Thank you Mr. Conklin. Anything?

12 Mr. Ira Kaufman.

13 MR. KAUFMAN: Thank you, Commissioners, I yield my  
14 time to Howard Conklin.

15 MR. BERNSTEIN: All right, thank you.

16 Robert L-e-v-c-o; is that it?

17 MR. LEACH: Leach, L-e-a-c-h. Robert Leach.

18  
19 ROBERT LEACH

20 MR. LEACH: My name is Robert Leach, I own  
21 Bob Leach's Auto Rental S.F.O. I've been coming to the airport  
22 for 27 years now. I think you people are setting up a toll  
23 authority; I question the legality of setting it up without  
24 including the general public. They're the biggest users of the  
25 airport. So, I think they should be included. If you want to  
26 have a toll gate, everyone pays. Mothers coming to pick up  
27 their daughters, laundry trucks, vehicles of all types. Make it  
28 general. I think that if you're singling out certain parties, I



1 doubt if it's legal. Thank you, sirs.

2 MR. BERNSTEIN: Thank you.

3 MS. TSOUGARAKIS: Interesting.

4 MR. BERNSTEIN: We have a supplementary entry,  
5 Steve Leonoudakis. You know, you came in late; that should be  
6 held as a late fee.

7 MR. LEONOUidakis: I'm ready to pay.

8  
9 STEVE LEONOUidakis

10 Steve Leonoudakis, for the record, attorney for  
11 SFO Airporter. We recently went through several days of  
12 hearings before the Public Utilities Commission relating to  
13 certain definitions and activities of the SuperShuttle operators  
14 in this area of the State of California. I'd like to call your  
15 attention to a term that is I think misused by the airport  
16 staff, and they refer to van operators who are coming onto the  
17 airport as "on demand operators."

18 They are not, within the definitions used by the  
19 Public Utilities Commission, "on demand operators." They're on  
20 call. And I respectfully suggest that the staff and the  
21 Commission instruct the staff to strike the word "on demand" as  
22 it refers to the operation to on-call operators; and the reason  
23 is very simple: In the State of California the operation of the  
24 taxi services in the various municipalities, that area of  
25 operation is preempted by the cities and the counties within the  
26 State of California.

27 Now, if you're going to allow a service to become  
28 "on demand" at the airport for example, one might get the idea



1 that anybody could be in any position they wanted to be, and  
2 they are then an on demand operator and can pick up anybody they  
3 want whenever they want.

4 To give you an example of that situation in  
5 San Francisco, SuperShuttle cruises all of the hotels. They go  
6 around the taxicabs and cruise. And if anybody is standing at  
7 the curb, just the mere presence of that vehicle becomes a form  
8 of solicitation. Now, that isn't on demand.

9 Now, According to the P.U.C. rules, if you're on  
10 call, you have a reason to be in front of a given place because  
11 someone had called you by prearrangement. That's "on call."  
12 Now, you have no right to be there otherwise. That is to say,  
13 if they're going to convert these vehicles into taxicabs,  
14 they're violating the jurisdiction of the city and county, who  
15 has control over the cab operation.

16 They can't come to my scheduled stop, for example --  
17 and which they do, they shadow our schedule throughout the city,  
18 and if anybody's standing at the curb waiting for the airporter  
19 out, they'll swoop in and in effect hustle them, see? That  
20 is -- They're not even supposed to be there unless they've had  
21 a call some three hours before or on call and prearranged.

22 Now, I don't want to belabor the point, but I do  
23 this simply because in the regulation as promulgated, we get to  
24 the definitions here of what is going to be permitted in  
25 "prearranged" -- and I won't go through all of them, but I want  
26 to call your attention to the one I think that ought to be taken  
27 out of there. This is on page 2, and it's the second paragraph,  
28 and it says "For the purpose of the rules, prearranged shall





1 mean and include the 'flagging down'" quote "by a passenger of a  
2 commercial ground transportation vehicle for the purpose of  
3 securing transportation."

4 Now, if you're going to allow that, you're in effect  
5 saying they can operate as a taxi cab, neither the P.U.C. nor  
6 anyone else, Police Department of San Francisco, is ever going  
7 to allow them to operate like taxicabs. They shouldn't be  
8 allowed to operate as taxicabs. Because you have this situation  
9 during the peak period: The shuttle van knows when the crowds  
10 are there, and all they have to do then is leave the gate, so to  
11 speak -- and I'll talk about the gate later -- and then start to  
12 pass along the roadway. And anybody that raises their arm then  
13 is asking for a service like a taxi cab. And I say that that  
14 paragraph should be stricken, they should never be allowed --

15 DR. GOOSBY: You're saying that's on demand.

16 MR. LEONOUKAKIS: That's right.

17 DR. GOOSBY: You interpret that person's calling  
18 them as on demand.

19 MR. LEONOUKAKIS: On demand, yeah.

20 DR. GOOSBY: ... rather than being on call as having  
21 gotten a prearranged assignment, right?

22 MR. LEONOUKAKIS: That's correct, right.

23 The other point we wish to make is with reference to  
24 the procedure that would be implemented by the director. At  
25 page 6 it says the director of the airports is authorized, and I  
26 really urge... from what our investigation revealed,  
27 SuperShuttle was making as many as 36,000 loops a month on the  
28 upper roadway, as many as and possibly even more than.



1           The only way you're going to control that excessive  
2 looping, you can't have an honor system in this business, it  
3 isn't going to work. We've had plenty of experience when it  
4 comes to that approach to a resolution of the problem.

5           The only way it's going to work is if you implement  
6 on the effective date of September the 8th the program whereby  
7 the director actually issues the permit tickets. They're going  
8 to use 36,000 loops in a month? They should have 36,000  
9 tickets. And when they come onto the airport, they surrender  
10 one ticket -- except for the first fifty. The implementation of  
11 this part of the program is very, very simple. The airport has  
12 had ten years of experience in handling the taxicab operation,  
13 and it works as smooth as velvet, and it would work the same way  
14 with reference to this operation.

15           MR. BERNSTEIN: First time I ever heard you say  
16 that.

17           MR. LEONOUidakis: Well, sir, as you grow older you  
18 get wiser.

19           The other thing we wanted to say is: With waybills,  
20 if you have a radio communication, you know, it's acceptable,  
21 and these waybill entries should be made prior to the vehicle  
22 entering the airport. Because what we saw happening in our  
23 investigation was that a bus or a van would stop, and there are  
24 a group of people there, and he pretends, you know, to be having  
25 happy conversation, and he's hustling them all the time.

26           He'll say "Well, you're going to the Lombard area,  
27 you're going to Fisherman's Wharf?" He'll grab the radio and  
28 call into the radio dispatch person, who then says we've got six



1 people standing wherever they are, and to please send a vehicle  
2 forthwith. They will just avoid the section here on the  
3 waybill. Thank you for the opportunity.

4 Nice to see you, Commissioner Stephens.

5 MR. STEPHENS: Thank you.

6 MR. BERNSTEIN: We missed you at the last few  
7 meetings.

8 MR. LEONOUidakis: I took five days off.

9 MR. BERNSTEIN: Thanks.

10 Nancy Lenvin of SuperShuttle, Ground Transportation.  
11 Nancy, where are you?

12  
13 NANCY LENVIN

14 MS. LENVIN: Good morning, Mr. President, members of  
15 the Commission; my name's is Nancy Lenvin.

16 I represent SuperShuttle. Because of the policy  
17 considerations and the concerns raised by yourself and your  
18 staff, we had hired Mr. John Twichell of John Twichell and  
19 Associates, to conduct a survey of not only vehicle operation at  
20 the airport but of our passengers.

21 I've asked Mr. Twichell, who is the former head of  
22 the City Planning Department's transportation section, prior to  
23 becoming president of his own company, to be here with me this  
24 morning. So, if we could join those two speakers,  
25 Mr. President, I would like Mr. Twichell to describe the  
26 findings of his study regarding this operation.

27 You have been given summaries of his report.

28 Mr. Twichell?



JOHN TWICHELL

MR. TWICHELL: Thank you. My name is John Twichell. In view of some of the comments of the previous speaker, I think it's particularly apropos that we talk about these surveys right now.

What I conducted for SuperShuttle was two separate surveys; one survey was of the number of trips by SuperShuttle past the international terminal on an average weekday, which was a Wednesday. What we did with this survey was take the 16-hour day that the airport staff has used, take the same day of the week that the airport staff used in its last survey -- which was in January, about six months ago -- conduct our own survey in 15-minute blocks throughout the 16-hour day, of the time each vehicle passed, the number of the vehicle, its destination, and the number of passengers.

Basically what that survey showed is that on this full Wednesday, during the 16-hour day as the airport has defined it, there were 458 SuperShuttle vehicles pass the international terminal. Now, that's a slight increase from the number that was in January. That's an average of 29 vehicles per hour.

During the course of the day, the peak for one particular hour was 38 vehicles. That number, I mean, you can extrapolate that out on a monthly basis, obviously that's nowhere near 36,000. There was no pattern of looping, because we took down the numbers of the vehicles as they went by, so that it would be rather obvious that the same vehicle went around several times. The drivers obviously were not informed





1 of the survey -- that would, you know, ruin the whole thing.

2 As to the issue of traffic congestion, I mean  
3 sometimes traffic congestion is in the eye of the beholder; but  
4 if you want to define "traffic congestion" as vehicles being  
5 held up in the course of passing through the upper level area,  
6 there was no significant traffic congestion during the 16 hours  
7 of that day.

8 There was one significant thing which we wanted to  
9 bring to your attention and that had to do with the fact that  
10 the four major rental car operators, Hertz, Avis, National and  
11 Budget, all are using full-size buses for their operation now,  
12 rather than minibuses or vans. Because of the size, carrying  
13 capacity, you're talking about a forty-person bus rather than a  
14 seven-person van, because of the size and the awkward  
15 maneuverability, a vehicle of that size has the potential for  
16 causing considerably more congestion, i.e. in its getting in and  
17 out of traffic, than a about van or minibus would.

18 I want to get on to the second survey, and that was  
19 during the full week in June we did a survey of SuperShuttle  
20 passengers. We received a total of 1400 approximately responses  
21 to that, which is about 15 percent of a week's business.  
22 There's some very interesting results in there, because there's  
23 some of this information, I think, is of use to the Commission  
24 in understanding who uses SuperShuttle. That is, 62 percent of  
25 the trips were for pleasure rather than business. The majority  
26 of people using SuperShuttle are people going from their home,  
27 airport, taking a trip, coming home again. They're non-business  
28 trips.



1           Secondly, which is a very important question, and  
2   that was: What mode of travel did they use back and forth to  
3   the airport before they used SuperShuttle? The single mode used  
4   most often was getting dropped off at the airport or picked up.  
5   In other words, an auto trip out to the airport generated no  
6   revenue whatsoever for the airport but only generated congestion  
7   out there.

8           If you take that 31 percent and extrapolate it out  
9   over a month, what this means is SuperShuttle has now reduced  
10  the number of auto trips to the airport 13,000 a month. Now,  
11  those are 13,000 trips that were formerly made with no income  
12  whatsoever but with congestion being generated out there. So, I  
13  think that's a particularly important point in the course of  
14  saying, "Well, what does SuperShuttle do?" Essentially what it  
15  is doing, in addition to spreading out where their business  
16  comes from, it's reducing the amount of congestion at the  
17  airport.

18           Now, beyond this there's one other comment I want to  
19  make and that is that we had in this survey -- and there's a  
20  copy of it attached -- we asked a complaint question; so, if  
21  people had complaints, they wanted to see some improvements in  
22  the service, the public had the opportunity to do that.

23           The overwhelming answer to that question was very  
24  positive and very enthusiastic about the service. People were  
25  given an opportunity to complain and five-sixths of the people  
26  who responded to that responded in a very positive manner. I  
27  would have to say that indicates to me that the public in  
28  general really likes the service and are really happy with it.



1 And again the point, the most interesting aspect of this, is the  
2 fact that most of their business is coming from people who  
3 formerly either drove to the airport or were driven to the  
4 airport. I think that's particularly important. Unless there's  
5 some questions I'll --

6 MS. TSOUGARAKIS: I have a question.

7 MR. TWICHELL: Yeah.

8 MS. TSOUGARAKIS: You said there was no pattern of  
9 looping. How many vans does SuperShuttle drive in  
10 San Francisco?

11 MS. LENVIN: There are 40 at the present time in the  
12 fleet.

13 MS. TSOUGARAKIS: And if they're averaging 29 loops  
14 per hour --

15 MR. TWICHELL: No. There's a total 458 trips.  
16 Right? During the day.

17 MS. TSOUGARAKIS: I understand

18 MR. TWICHELL: That averages 29 an hour.

19 MS. TSOUGARAKIS: And peaked at 38.

20 MR. TWICHELL: Right. Now, of those vans coming  
21 from -- What, there's five separate areas?

22 MS. LENVIN: (Nods head affirmatively.)

23 MR. TWICHELL: They come from separate areas of the  
24 City, and they do have on the van itself --

25 MS. TSOUGARAKIS: I understand that, I understand  
26 that.

27 MR. TWICHELL: -- the destination of where they're  
28 coming out, where they're going --



1 MS. TSOUGARAKIS: I understand that. My question  
2 is: I don't see how there cannot be looping, because you can't  
3 have -- In other words, if so many are averaging per hour,  
4 that's almost 30 per hour, if there are 30 per hour out there,  
5 they can't be here in the City, so there must be some looping  
6 going on.

7 MR. TWICHELL: Well, my definition of "looping" is  
8 that a vehicle goes out to the airport, drops passengers off,  
9 and circles before they leave it. Right?

10 MS. TSOUGARAKIS: Exactly. That's what I'm saying  
11 too.

12 MR. TWICHELL: Okay. Now, the indications --  
13 because what we did with this is we took down the numbers of the  
14 vehicles as they passed -- was that vehicles were going out to  
15 the airport, dropping people off, picking up, leaving. There  
16 was no more than, at one time, one circle around by a particular  
17 vehicle. A vehicle came out --

18 MS. TSOUGARAKIS: Yeah, but I don't see how such a  
19 high percentage, 75 percent of the vehicles that belong to  
20 SuperShuttle, could be in the airport in a one-hour period. And  
21 especially if you're at thirty-eight. I mean that's what I  
22 don't --

23 In other words, what are the statistics on the  
24 number of looping vehicles? You must have had those numbers,  
25 and you didn't -- you didn't -- All you said was that it wasn't  
26 significant. Is there no looping?

27 MS. LENVIN: There was no looping that day, right?  
28 Or there were one or two?





1 MR. TWICHELL: Okay, now, if -- let me answer it  
2 this way: The vehicle says "airport", right? They're going to  
3 the airport? What happens is the vehicle goes out there, drops  
4 people off, goes through a separate staging area which  
5 SuperShuttle has, comes back once in order to pick people up,  
6 and then goes to their destination.

7 MS. TSOUGARAKIS: So, it loops once. Every vehicle  
8 loops once. It comes back around once. It goes back to the  
9 international --

10 MS. LENVIN: It passes the international terminal  
11 twice.

12 MS. TSOUGARAKIS: Twice.

13 MR. TWICHELL: Right.

14 MS. LENVIN: Once to drop off, once to pick up.

15 MR. TWICHELL: Yes, once out and then --

16 MS. TSOUGARAKIS: All right.

17 MR. TWICHELL: You know, essentially what you're  
18 doing is the same thing as a cab, you go once out, once back  
19 into the City.

20 MS. TSOUGARAKIS: So, I didn't understand that.

21 MR. TWICHELL: Right. Looping --

22 MS. TSOUGARAKIS: That's all I wanted to know, thank  
23 you.

24 MR. TWICHELL: Okay, do you have some other  
25 questions?

26 MR. BERNSTEIN: I don't have any questions, I just  
27 have a comment to this line. Speaking for myself, and having  
28 the indulgence of the Commission, we're not really trying to



1 limit -- we're not trying to discuss and decide the type of  
2 vehicle or transportation.

3 What we're trying to do, two things; one, to control  
4 congestion, and to see if we can't eliminate it as much as  
5 possible with a facility that doesn't lend itself very well to  
6 that sort of thing; and two, to get some additional revenue to  
7 help pay for the increasing expenses. I'm speaking again, I  
8 nope, for the Commission, and we're just not interested in  
9 getting more money for the sake of more money and adding it to  
10 the treasury. But I just -- and I must say, that there were  
11 exceptions.

12 We haven't heard from anyone as to how they think  
13 and now they would help us resolve the problem. Frankly we know  
14 the problem, we know the problem.

15 MR. TWICHELL: Right.

16 MR. BERNSTEIN: But this thing doesn't help me at  
17 all.

18 Just one other thing, and then I'll let you go back  
19 at bat. You mentioned something about these pleasure trips.  
20 Will you show me the idiot that drives out to the airport and  
21 back on pleasure or for pleasure? The pleasure trips?

22 DR. GOOSBY: He means vacation.

23 MR. TWICHELL: I mean vacation. In other words, if  
24 you drive out to the airport to get on a plane and go for a  
25 non-business trip --

26 MR. TUPPEN: Palm Springs.

27 MR. BERNSTEIN: I've been going out there for 40  
28 years and I'm trying to find some pleasure yet.



1 MR. TWICHELL: Let me go back to the question about  
2 the rates. What has seemed to have happened here is there were  
3 two different things all mushed together. There's a lot of  
4 comments that have been made about traffic congestion and  
5 there's comments been made about rates and what ought to be  
6 paid.

7 What I basically have tried to do here with these  
8 surveys is take out the traffic congestion issue, look at it as  
9 a separate issue and say, look, here are the facts, here are the  
10 numbers, here's what's going on. From a professional point of  
11 view, I have one recommendation about traffic congestion, and  
12 that is whether you should consider talking to your parking  
13 rental people about using smaller vehicles. Other than that, I  
14 don't see frankly a traffic congestion issue here.

15 Now, in terms of rates, I'll turn the floor back to  
16 Miss Lenvin, and she will specifically answer your question.

17 MR. TURPEN: Thank you.

18 MR. BERNSTEIN: Thank you very much.

19  
20 NANCY LENVIN

21 MS. LENVIN: Thank you.

22 Point well taken, Mr. President, what we were trying  
23 to do is to understand the policy considerations, what you were  
24 trying to achieve by this system of regulation which includes  
25 both rules and a fee structure.

26 What Mr. Twichell's survey tells us is that  
27 understanding that SuperShuttle works only on the upper deck is  
28 that potentially we are removing 7000 vehicles a month from your



1           We as an operator, SuperShuttle as an operator, is  
2     paying for something that is a privilege that has various  
3     components to operate at the airport. It is simply not fair to  
4     charge them in and out and more than a taxi cab pays departing  
5     with a 31 dollar fare.

6           Based on our survey and based on this conceptual  
7     look -- because what you can tell from some of your speakers  
8     today is that there is a grand confusion about the needs of the  
9     airport for revenue -- in truth and in fact, all the ground side  
10    users who have bid for the privilege, you know, the limosines  
11    and the bus bid to be downstairs where the market is, your  
12    parking garages and all the other users in fact have covered  
13    your entire ground side cost.

14          Any monies that you generate in addition from the  
15    ground transportation operators, 15 percent of that revenue will  
16    go to the city and county's general fund and the balance of that  
17    money will go entirely to offset the costs incurred by airlines.  
18    So that their landing fees and terminal leases will be reduced.  
19    And I think the public is entitled to an up-front decision  
20    whether or not people who are going to ride the shared van ride  
21    services are to subsidize airport operations. Because you know  
22    the ticket prices aren't going down.

23          What we are suggesting is a way of getting some  
24    revenue in, that in fact if you have a congestion issue,  
25    unfortunately -- and I'm really sympathetic to Mr. Turpen, it  
26    was a creative solution to a problem in which I think he hoped  
27    that he would not have to rely to a uniformed officer at the  
28    curb -- but I'm afraid that is really the only viable solution





1 to the enforcement of your rules.

2 Using what we believe and what we understand to be  
3 the counting system is a laser system -- it kind of sounds like  
4 star wars -- that could be desperately expensive for that kind  
5 of capital, to input that kind of counting system in, or else  
6 it's horribly labor intensive, and the machinery is untested.

7 So, rather than going through an expensive need that  
8 will increase your ground side costs, let's just say, okay, you  
9 need a set of rules that need to be enforced, put a police  
10 officer at the curb during the peak periods if you have to, and  
11 let's get on with business.

12 We will be submitting to you a more detailed  
13 proposal regarding the actual written rules. If I may just  
14 mention, that SuperShuttle is opposed to any headway control for  
15 vans. If you have, as several of the other speakers are talking  
16 about, peak periods at the airport, it doesn't make any sense to  
17 put a limit on the number of vans that can come through the  
18 airport; and if in fact these vans are your first opportunity  
19 ever to get people out of your private car, you will want to  
20 enhance their service and enhance the ability of the public to  
21 use the shared ride service, rather than to make it more  
22 difficult.

23 What we would like to just say in conclusion is that  
24 the policy we are proposing will generate some revenue. It  
25 should be more than enough revenue to pay for the added cost of  
26 any police officers. It is crazy to increase fees to lower  
27 airplane revenues. 15 percent of what little money you're going  
28 to generate is not that significant for the general fund, and



1 you begin to have to regulate what you need to regulate, and let  
2 the shared van riders in fact let us help you decongest your  
3 lower level. But in fact what we would like to do is to really  
4 put everybody on an equal footing, let the passengers decide who  
5 should be downstairs and who should be up.

6 Thank you for your indulgence.

7 MR. BERNSTEIN: Thank you, Nancy.

8 DR. GOOSBY: What do you pay now? You pay some fees  
9 to the airport?

10 MS. LENVIN: I believe the they're paying \$25 per  
11 month? Per van or is it just total? Charter?

12 They're only paying charter fees at the moment.

13 MR. BERNSTEIN: Just want to tell you that  
14 flattering Turpen without including the Commission can't win it  
15 for you.

16 MS. LENVIN: Well, the staff has been very  
17 cooperative. As I've said to Mr. Turpen, as I say to you,  
18 SuperShuttle's position is we'd much rather be cooperative and  
19 everybody agree than to be at each other's throats.

20 Thank you.

21 MR. BERNSTEIN: Thank you.

22 (Commissioner Stephens leaves proceedings.)

23 MR. BERNSTEIN: Mr. Orloff of the Airport  
24 Connection.

25 CLIFFORD ORLOFF

26 MR. ORLOFF: H1. I wanted to address the Commission  
27 on the issue of the ground transportation regulations. We've  
28 been operating at the airport for ten years now, scheduled



1 very hard to break those out. And I would feel more comfortable  
2 with the analysis if I could see how Airporter and Associated  
3 Limosine's revenues and expenses were separated out from  
4 everyone else's. That's all.

5 MR. BERNSTEIN: Thank you.

6 MR. ORLOFF: Thank you.

7 MR. BERNSTEIN: Mr. Andy De Paule of the Good  
8 Neighbors Airbus.

9  
10 ANDY DE PAULE

11 MR. DE PAULE: I'm Andy De Paule, Good Neighbors  
12 Airbus. All right, just before I make a comment, most  
13 everything I was going to say, as usual, has already been said  
14 by other people; but in regard to the survey that was done by  
15 SuperShuttle, I think anytime we do a survey, whoever it is, if  
16 they have a personal reason for doing the survey, they want to  
17 bring out something that is in favor of them.

18 Their survey was done on a Wednesday, and that's  
19 hardly the busiest day. Saturdays and Wednesdays are about the  
20 slowest days at the airport. Also, of course they were for at  
21 least three or four weeks holding back the flow of their  
22 vehicles at the airport to try to impress everybody with how  
23 little the flow of thier vehicles is at the airport..

24 It was during that period that they did this, so I  
25 wouldn't put any weight at all, because since then they've gone  
26 back to flooding the airport as they were in the first place.  
27 It's sort of like if I kept all my vehicles in the garage one  
28 day, and only sent one out three times and did a survey, and



1 said, well, we only go there three times a day on the average,  
2 well, it's what you want to believe.

3 Okay, actually the first speaker was pretty  
4 eloquent, the man who spoke for the Park 'N Fly and the other  
5 three off-airport covered pretty much everything; but I think  
6 fees are unreasonable, just because it's going to cost us an  
7 awful lot of money that we are just going to have to pass on,  
8 along with all the other fees that we have to pass on.

9 I also have tried to get information on the exact  
10 number of trips to and from the airport by both commercial and  
11 passenger vehicles, and I've not gotten an example number. I've  
12 also tried to get an exact breakdown of what these expenses are,  
13 because we've got the total that was sent to us but not what  
14 they actually are. So, it's hard for us to judge are these  
15 really expenses related to us.

16 It's hard for me to imagine that it costs the  
17 airport a dollar for me to come in and go out. It just doesn't  
18 seem right. So, I think before any program is instituted, we  
19 need to have, you know, a good accounting, where since we're  
20 being asked to pay, that we know exactly what it is we're paying  
21 for. And then also again we get something in return for that,  
22 through these hearings that have been held -- not hearings but  
23 meetings at the Airport Commission. They were simply too big  
24 with too many people to get much said, and no suggestions that  
25 didn't come from the airport were taken seriously; they were all  
26 just offhand rejected for the most part.

27 So, there's still no -- for instance they were  
28 talking about the possible booth where they collect tickets.





1 They can go through the trouble to build a booth to collect  
2 tickets, but they still can't talk about a weather shelter for  
3 the clients to this stand in to stay out of the weather.  
4 There's still simply not enough room at the islands where we  
5 have to pick up. We're also being asked to pay, as somebody  
6 else said, apparently 100 percent of the roadway costs when  
7 we're only getting access to ten or 15 percent of the roadway or  
8 curb space there. Thank you.

9 MR. BERNSTEIN: Thank you. Mr. Dana Reed, the  
10 Parking Company of America.

11  
12 DANA REED

13 MR. REED: Mr. President, I'll be very brief because  
14 Mr. Bloom did speak for the industry, but I just want to  
15 reiterate that the three parking companies are already paying in  
16 excess of 50 percent of the fees that you are generating now  
17 from these proposed regulations, and yet we are only the cause  
18 of about five to ten percent of the traffic.

19 The City of Los Angeles did a survey for their  
20 proposed reg's, and their survey indicates that San Francisco is  
21 already charging more than any other airport in the country.  
22 They did San Francisco, New York, Atlanta, Seatack, Logan,  
23 Denver, Chicago and themselves, so, we are already paying more  
24 here in San Francisco for our operations than any other airport  
25 in the country. According to the City of Los Angeles, L.A.X.'s  
26 report; this is not -- these are not my figures.

27 MR. BERNSTEIN: May we have a copy of that?

28 MR. REED: By all means, Mr. President. By all



1 means. And finally, as Mr. Bloom pointed out, sir, in our  
2 opinion is answer is not to raise the fees, which are already  
3 the highest in the nation, but to enforce the rules that you  
4 already have, and to collect from everybody, not just our  
5 companies.

6 MR. BERNSTEIN: By enforcing the rules at the  
7 present, in the first place it's the congestion that's the major  
8 problem. And of course the additional fees that we need for  
9 everything that's gone up, not just your fees have gone up. But  
10 we haven't heard from anyone yet in concrete form as to how to  
11 do that.

12 MR. REED: Well, sir, I think -- I beg to -- I think  
13 Mr. Bloom --

14 MR. BERNSTEIN: I will say this, it's our job to  
15 decide -- to discover the methods to do it, it is not your job.  
16 But we've been holding these public hearings, and we've spent  
17 hour after hour, as you can judge, the Commission has, trying to  
18 come to a fair conclusion. There isn't anyone on this  
19 Commission that just wants to take money for the sake of taking  
20 money.

21 MR. REED: Totally --

22 MR. BERNSTEIN: I still get my hundred dollars a  
23 month so it doesn't matter.

24 MR. REED: Totally agree, Mr. President.

25 MR. BERNSTEIN: Sometimes I think I'm overpaid, but  
26 that's a different story.

27 MR. REED: But if we're paying 50 percent of the  
28 revenue with only, say, maximum of ten percent of the traffic,



1 if everyone was paying the same ratio that we're paying, sir, I  
2 would suggest that you would have some --

3 MR. BERNSTEIN: My good friend, if we had to keep  
4 the accounting records on that, do you know what the fees would  
5 be? You'll want to know.

6 MS. TSOUGARAKIS: I'd just like to point out that's  
7 what we're here for. I mean, that's a point that is pointless.

8 MR. BERNSTEIN: Anyway, thank you very much.

9 MS. TSOUGARAKIS: Thank you.

10 MR. BERNSTEIN: Thank you, Mr. Reed.

11 Jim Raine -- "Rain" or "Rain-ee" -- of San Mateo  
12 Hotel Association.

13  
14 JIM RAINE

15 MR. RAINE: Thank you, Mr. President, members of the  
16 Commission. My name is Jim Raine, I'm with Grover Properties.  
17 We own and operate two hotels near the International Airport.  
18 I'm speaking on behalf of the San Mateo County Restaurant and  
19 Hotel Owners Association today. We have 20 some hotels and 70  
20 some restaurants in our association. We have a lot of members  
21 here today for this hearing.

22 I think everyone's spoke their peace pretty much on  
23 the congestion and the cost, and I think we're all in agreement  
24 with the things that have been said. We would just like to  
25 voice our objections to the proposal that's been introduced by  
26 Mr. Turpen, and as far as the hotels are concerned, we feel that  
27 we're not in the ground transportation business. And I know  
28 that's difficult for Mr. Turpen to realize. We feel that the



1 cost increase, if we're lumped in with this, would take some of  
2 our members from their present fees to an increase of five to  
3 six hundred percent, maybe even higher, if you went to this type  
4 of a system.

5 We're in the hotel business and we're here to  
6 service our customers, and I think our customers are your  
7 customers just as well. They're guests that arrive at  
8 San Francisco International Airport. We pick them up, we want  
9 them to have a pleasant stay in San Francisco.

10 If you drive into our hotels, you get charged the  
11 same rate as you do if you fly into our hotels. And therefore  
12 we do offer the service at no charge to our customers. We see  
13 did sit down some years back with the Airport Commission, or  
14 with Mr. Turpen's office, and arrived at a reasonable fee  
15 structure and a signage designated area for us to pick up and  
16 unload our passengers. And we're quite satisfied with that  
17 agreement and that association, and we'd like to maintain that.

18 We believe that we pick up the largest number of  
19 passengers with the fewest number of vehicles that we can, and  
20 we try to hold our trips down to the demand basis. I know that  
21 other people have thrown around this demand thing, but as you  
22 know, we subscribe to an airport phone service that's located in  
23 the baggage claim areas for our hotels. We pay handsomely for  
24 that fee. We're allowed to have advertisement on that area.  
25 The customer calls our hotel, says that "I've now arrived at the  
26 International Airport, can you please send a van out to pick us  
27 up?"

28 DR. GOOSBY: That's the only time your members come,





1 is when you receive a call?

2 MR. RAINE: When we receive the call, sir -- I can  
3 speak for the majority of our membership -- they arrive at the  
4 airport upon demand.

5 Now, when we're taking customers back, we leave the  
6 same way, on a demand basis. So, our customers come to our  
7 locations for our vehicles, and in our particular hotels we run  
8 every half hour upon demand in the mornings for departures. And  
9 for arrivals we run upon demand of the phone calls. Therefore  
10 it's a position of the association that we be excluded from the  
11 ground transportation handlers and not be considered as part of  
12 that group. Thank you.

13 MP. BERNSTEIN: Thank you, Mr. Raine.

14 Mr. Ruiz, Tony Ruiz?

15  
16 TONY RUIZ

17 MR. RUIZ: Thank you, Commissioner. We asked the  
18 staff -- At the last staff meeting we asked that we meet  
19 individually with Mr. Turpen or his staff to discuss our  
20 individual problems --

21 MR. BERNSTEIN: Speak into the mike, please.

22 MR. RUIZ: Okay.

23 -- to kind of discuss our individual problems.  
24 Everybody seems to have different problems. The easiest way to  
25 resolve that would be to meet with Mr. Turpen and each one of us  
26 explain what our problems are. As for mine, we would have to  
27 travel at least 56 or 70 times a day to the airport to pick up  
28 people or drop them off. It's going to run like \$3- to \$5000 a



1 month for our group alone. The reason for that is we would drop  
2 off people and would then have to return and pick up people. If  
3 we have to stay in the lot, what will happen then is we'll have  
4 more vans we'll have to buy, more drivers we have to hire.

5 I believe that we should be paying something to the  
6 airport, some fixed amount on a monthly basis. But my company  
7 cannot afford to pay what SuperShuttle can pay, we can't afford  
8 to pay for the seats, because they have different seating than  
9 we do. They have seven passengers seats, we have fourteen and  
10 sometimes twenty. So, we've all got different problems, and  
11 each one of us should address that problem individually with  
12 Mr. Turpen and his staff. Thank you.

13 MR. BERNSTEIN: Thank you, Mr. Ruiz.

14 Thank you, ladies and gentlemen, for taking the time  
15 to try to explain the problem as you see it and remedies.

16 When do you expect a decision on this thing?

17 MR. TURPEN: I think two things, Mr. President. I'd  
18 like to make a couple of comments.

19 MR. BERNSTEIN: Fine.

20 MR. TURPEN: Typically what would happen is I'd like  
21 to just make a few comments, and then we should close the public  
22 hearing. The Commission can then take under advisement the  
23 materials and suggestions it has received as well as our  
24 recommendations. I would expect that the Commission should be  
25 ready to make a decision by the first meeting in August, which  
26 is about three weeks from now, unless something should come up  
27 in the interim which would cause the Commission to delay that  
28 decision.



1           There are a couple of things I think I'd just like  
2 to say while everyone's here. We've had an opportunity to speak  
3 on a couple of occasions in the past, but I do want to clarify a  
4 couple of statements that were made.

5           Obviously one of our intents in promoting this  
6 program is to control congestion. Mr. Twichell defined traffic  
7 congestion as vehicles being held up, and I think in great  
8 measure that's accurate. But traffic congestion also means the  
9 ability of persons desiring to access the airport, their ability  
10 to access the curb. And sometimes that's a problem. Matter of  
11 fact, many times that's a problem.

12          For people who come to the airport, a trip to the  
13 airport is meaningless unless you have the opportunity to get to  
14 the curb, pick up or drop off your person; and if you're  
15 foreclosed from that opportunity by persons sitting in those  
16 zones, then naturally that's got to be a concern to us.

17          Money. The fee structure. The fee structure that's  
18 been proposed is based upon the costs in our concept we have at  
19 the airport. We do have five cost centers at the airport, one  
20 of which is the ground transportation cost center. In taking a  
21 look at all of the vehicle trips that come to the airport in a  
22 year, we took that percentage that we estimated for these what  
23 we call "on demand" -- with deference to Mr. Leonoudakis'  
24 comments -- we took a look at the on-demand vehicles, including  
25 the hotel, motel, parking lot, off-airport rental car, charter,  
26 et cetera, and we took what percentage those vehicles were of  
27 the total, and then we took the airport roadway amortization,  
28 our operating costs, utilities, et cetera, and we simply



1 multiplied the percentage of on-demand vehicle trips of the  
2 total to that number.

3 Obviously if no one's at the airport on Saturday or  
4 no one's at the airport at 3:00 o'clock in the morning, that  
5 doesn't necessarily mean that we still don't have utility  
6 obligations, we still don't have amortization on the roadway  
7 projects that we've done. Further, police officers can't be  
8 there for the 15 minutes you need them and then be sent home  
9 just to be brought back for the other 30 or 40 minutes that you  
10 need them again. Once we've committed to manning a force at the  
11 airport, then we're obligated to pay for that force. So, those  
12 things are important that you understand.

13 Someone brought up the concept that we were  
14 subsidizing the airlines. That's simply not true. As a matter  
15 of fact, in looking at this -- and this whole thing has prompted  
16 us to take a closer look at the roadway system -- it appears  
17 that other ground transportation users, specifically the garage,  
18 are subsidizing this effort. That's why we've come up with the  
19 fee that we've suggested to the Airports Commission.

20 The Airports Commission obviously is not obligated  
21 to accept or recommendation, it's simply a recommendation that  
22 we think is appropriate. Some things have been said today  
23 that would cause us to do some further thinking, but it's  
24 important that at least I clarify for you some of our thinking.

25 Of on-airport rental cars: They do have a headway  
26 requirement in their lease with us, they do have a fine  
27 requirement, and have been levied fines for exceeding their  
28 headway requirement at the airport; and it's important that you





1 understand that they have been living within the headway  
2 requirement, or if not living within it, paying the penalties  
3 for not living within it for some time now.

4 When we talk about a five-minute headway or 12  
5 vehicles an hour, we obviously aren't going to have people  
6 standing out there and measuring five minutes. That's not the  
7 intent. The intent is simply to establish a headway mechanism  
8 in such a way that people understand what it is, and we're  
9 talking about 12 trips an hour. If there are two within four  
10 minutes or three within eight minutes, it's not going to  
11 necessarily get us as concerned as the fact that there are  
12 forty, fifty, sixty within an hour. The attempt to establish  
13 headway control is predicated on the fact that we do have  
14 limited curb space at the airport.

15 We've talked about other airports here today; Dallas  
16 Fort Worth has 18,000 acres, Montreal has 26,000 acres, O'Hare  
17 has in excess of 10,000 acres I believe. We have 2000 acres.  
18 We are the sixth or seventh largest airport in the world  
19 with 2000 acres to conduct all of our activities and to permit  
20 everyone in this room plus hundreds of other businesses the  
21 opportunity for equal access at the airport.

22 We have taken a look -- somebody mentioned that  
23 we're the highest in the country on fees; O'Hare doesn't charge  
24 any fees, for example, so it's not hard to be higher than zero.  
25 L.A. doesn't charge fees to an awful lot of its -- an awful lot  
26 of the vehicles that we're talking about; their fee is zero.  
27 Dallas Fort Worth does charge, my understanding from Dallas is  
28 they charge \$3 per exit trip. So, I mean, it does vary around



1 the country.

2 We're trying to establish a fair and reasonable  
3 rate. We're open as always to suggestions from this community  
4 on how we can best do that. We've taken our best shot, we've  
5 tried to tell you why we think that's the appropriate number.  
6 Once again, in the interim we're obviously available to you, and  
7 any information you'd like to present, please present it through  
8 my office, and I will guarantee that you that the Airports  
9 Commission will have it in its hands within 24 hours of the time  
10 that I receive it.

11 Lastly, you know, we talked a little bit about the  
12 vehicle... the transit vehicle, if you you will, as being a  
13 substitute for the private car. We've done a couple things that  
14 I'd like to share with you, because your comments have prompted  
15 us to take a look at some of the things that have happened. We  
16 did a count of the number of passengers on each type of vehicle  
17 leaving the airport. This was a physical count by persons  
18 actually stationed on the roadway counting the number of people.  
19 So, unless they had ducked below the windows, we probably would  
20 have counted them.

21 But we were averaging, for the on-demand or on-call  
22 vehicles, were averaging 1.2 passengers per trip off of the  
23 airport; the hotel/motel were 1.7; the off-airport rent-a-car  
24 1.5; the on-demand, if you you will, or on-call operators 1.2;  
25 off-airport parking 1.1 passengers per vehicle trip. That's  
26 obviously not as high as either one of us want it.

27 If you take three or four people off the airport per  
28 vehicle, then obviously you're helping us significantly; and if



1 you take one person off or slightly in excess of one,  
2 essentially what we're doing is substituting a bus trip for a  
3 private vehicle trip, and that has to be some concern to us.

4 I think another thing, the last thing, is that the  
5 airport, the businesses which you represent, derive a  
6 significant revenue from the airport. We estimate in excess  
7 of \$50 million of gross revenue is generated for all your  
8 businesses by passengers coming to San Francisco Airport, by the  
9 fact that San Francisco Airport is where it is.

10 We think it is reasonable that businesses which  
11 derive an excess of \$50 million in gross revenue from the  
12 airport pay their fair share -- and no one's asking that you pay  
13 more than that -- their fair share of the cost of the operation  
14 of the airport. The airlines have done that for years, as a  
15 matter of fact the airlines for years have paid more than their  
16 fair share. Persons who contract with the airport, that money  
17 is put into the pot. They freely and willingly contract with  
18 the airport.

19 Lastly, people who use the airport I think should be  
20 required to pay; and the issue before the Commission is twofold,  
21 one, you know, my recommendation of a rate versus what the  
22 Commission, after hearing this testimony, views as the  
23 appropriate rate should be paid.

24 I thank all of you seriously for your candid  
25 comments. This hasn't been an easy thing for any of us. It's  
26 very difficult to try and strike a balance among so many  
27 conflicting interests, but we will continue to try to do that,  
28 we will do it in good faith; and I assure you that if you have



1 have any questions, please feel free to call me or the staff in  
2 the interim period, and we'll try to answer it as best we can.

3 MR. BERNSTEIN: I think some of the Commissioners  
4 would like to say something? Would you, Ed?

5 MR. FLEISHELL: Well, yes, briefly. Frankly it's  
6 still not clear to me whether we're attempting by this change in  
7 policy to raise money or to control traffic. If you're trying  
8 to raise money, I think that we're doing it in a highly  
9 discriminatory way. I think that people, the last speaker, the  
10 next to the last speaker, the hotel people are involuntarily in  
11 the transit business. I think they ought to be treated  
12 differently. I think that you've got --

13 Talking about a cost center -- and I know a little  
14 bit about that, since I negotiated it with the airlines -- you'd  
15 end up with almost coin-operated water fountains if you carry it  
16 to this extreme.

17 You've got all the airline trucks are excluded by  
18 the terms of the settlement agreement. The passenger autos  
19 aren't being counted. The airline suppliers aren't being  
20 counted. The suppliers to all other concessionaires are not  
21 being charged. Buses, the public buses, are not being charged.  
22 You're ending up taking a minority of the people and having them  
23 assume the majority of the burden. It doesn't seem fair to me.  
24 (Applause.)

25 If you're talking about a taxing collection  
26 operation, I just learned in the last month that we lose money  
27 on the dollar and a quarter we collect. In other words, it  
28 costs us more than a dollar and a quarter to collect a dollar





1 and a quarter. And if we're talking about instituting a system  
2 with these new kind of tickets for these people, and end up with  
3 another callus on our bureaucracy, which will cause us to lose  
4 even more money, I'm not sure where we're going, and I'd like to  
5 get some answers for that.

6 I also would like to get these mathematics upon  
7 which you base your conclusions so that we can look at them.  
8 The Commission hasn't seen any of those.

9 MR. TURPEN: Yes, sir; they've provided to you.

10 MR. FLEISHELL: Well, may I have another copy?  
11 Because I don't remember seeing them. That's all I want to say.

12 MS. TSOUGARAKIS: I just want to make one comment,  
13 if I can, Mr. President. I don't think -- You're comparing  
14 apples to oranges if you compare the passenger ground side  
15 transportation to the suppliers. The suppliers don't have any  
16 choice, they have to come in; the number of trips, they have to  
17 come in on are, you know, regulated by the amount of supplies  
18 they have to bring in.

19 I think when we talk about regulating traffic, we're  
20 talking about regulating passenger traffic that's related to  
21 picking up passengers, which can be controlled if we can in some  
22 manner increase the number of people any single trip takes. So,  
23 there is a difference, and I don't think we can compare apples  
24 to oranges.

25 I have one suggestion, we could perhaps change the  
26 number of free trips to tie to the number of vehicles rather  
27 than the flat number. I know this is coming out of left field  
28 but anyway --



1 MR. TURPEN: I understand.

2 MS. TSOUGARAKIS: -- that's something I would ask  
3 that you look at. Thanks a lot.

4 MR. BERNSTEIN: Okay, thank you.

5 Do you want to say anything?

6 DR. GOOSBY: No; I just think that I'd like to get  
7 that information that the gentleman had about Los Angeles.  
8 You're going to submit that to staff, and then they'll copy that  
9 and get it to us.

10 I think that I just want to congratulate the  
11 industry for coming forward with their specific suggestions and  
12 criticisms. That's the way we arrive at a viable compromise.  
13 The other thing is I had a -- It's all been helpful.

14 I think that the cost center approach -- It's also  
15 the policy of the Commission, which the Commission passed two or  
16 three years ago, that we were going to try to get -- as a matter  
17 of fact, it's written in the agreement with the airlines if I'm  
18 not mistaken -- that we would try to get each cost center to pay  
19 its own way. This is an effort to build up the income from this  
20 ground side operation so that it begins to cover its fair cost  
21 of the operating the airport.

22 Those people, those industries who are not in the  
23 City, who don't even pay city and county taxes, have to also  
24 realize that their in San Mateo County, and they're using and  
25 they're in existence and they're only making money because of  
26 their proximity to the airport; so, it's only fair and it's only  
27 reasonable that they pay something in lieu of even paying  
28 San Francisco cost of operation, that they pay something toward



1 the upkeep and maintenance of the airport. I think that's fair.

2 Now, what bothers me, as some of the Commissioners  
3 are letting the staff know, that I think as the hotels and  
4 motels, as they stated, are not in the transportation business,  
5 they are incidentally providing their clients with a service,  
6 and they should pay something. I think we should try to arrive  
7 at a fair -- what's considered a fair amount.

8 I think that the parking lot operators, who I have  
9 always felt -- even when we talked about this a year ago -- the  
10 parking lot operators again are providing a service, long-term  
11 parking lot operators. People come to park there and to get the  
12 more reasonable rate, and they are forced to then bring them  
13 over to the airport, but they're providing a service to the  
14 people in the area. So, those two categories, I don't know how  
15 it can be structured, where you'll get a differential; but  
16 hopefully we can look at that, as we come to a final conclusion,  
17 and have a vote on this. I'm finished. Thank you.

18 MR. BERNSTEIN: Speaking for myself, all I keep  
19 hearing about is how much it costs and how much money. And the  
20 dollars I think can be resolved. The problem that I see is the  
21 control and the transportation problems. I was at the airport  
22 last Monday, came in, and I must tell you that if I had a tank  
23 I'd have cleared the way.

24 I think that perhaps there ought to be smaller  
25 committees meeting with the different groups, perhaps they can  
26 help the staff. I know the staff's trying to do a conscientious  
27 job. But all I keep hearing when I keep asking "How can you  
28 help us? Can you tell us how to control this, do a better job?"



1 and then I hear it's going to be 40,000 or 20,000 or 10,000.

2 I just want to tell you ladies and gentlemen --  
3 speaking for myself and I think for the Commission -- the money  
4 is a secondary part of it. It may very well be that through the  
5 dollars that we can control the other. But we've got to do  
6 something to help the people and the passengers. I think that  
7 we have the best system of public transportation. I've used  
8 pretty much every one of them, including SuperShuttle and the  
9 Airporter and taxis and everything else, and we have the best  
10 system. But I think it's -- going down there.

11 I just don't want to a cop to chase me away when I'm  
12 picking up my wife, as he did the other day. And if you keep  
13 applauding Fleishell, he'll run for mayor, so, let's keep that  
14 down.

15 DR. GOOSBY: Lou, in that survey you took of exiting  
16 vehicles, that one point something average, did they also count  
17 how many they had coming on?

18 MR. TURPEN: Sheldon?

19 DR. GOOSBY: In other words, they had an average of  
20 one point something leaving; how many did they have coming on?

21  
22 SHELDON FEIN

23 MR. SHELDON FEIN: It may not necessarily be one  
24 point something leaving, but if you had five people leaving the  
25 airport, and if that vehicle made three or four loops around the  
26 airport to leave with the five people, then the average number  
27 of people per loop would only be 1.2.

28 So, a vehicle may be leaving the airport with five





1 people on it, but it has driven around the terminal area four  
2 times to end up with an average of 1.2 people.

3 MS. TSUGARAKIS: Did you track how many were  
4 looped? Could you tell us how many were looping? In other  
5 words, the count would be different for the vans than it would  
6 be, say, for the hotel vehicles and so forth.

7 MR. FEIN: There are two different types of loop.  
8 Approximately 20 percent of them just loop right around the  
9 upper level roadway, go around and come back. Then there's  
10 another group that after they drop off, may pull down, ride  
11 around the airport, sit someplace, and then come back and pick  
12 up, go down and so forth.

13 We're talking 20 percent just making a direct loop  
14 going around where we saw them continuing around. There's  
15 another group that goes down, waits, and then recircles again  
16 five minutes later or something like that. If they're waiting  
17 for somebody from an airline.

18 MR. BERNSTEIN: All right.

19 MR. TURPEN: Should declare the public hearing  
20 closed.

21 MR. BERNSTEIN: Yes, we're going to adjourn for an  
22 executive session. Thank you very much for being here.

23 (Public Hearing adjourned at 11:05 a.m.)-

24  
25 ---oOo---

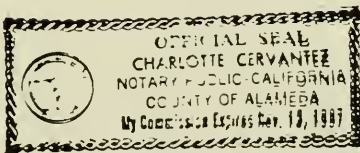


1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF ALAMEDA )

4 I, the undersigned, a Notary Public of the State of  
5 California, hereby certify that foregoing Public Hearing was  
6 taken at the time and place therein stated; that the proceedings  
7 of said Public Hearing were reported by me, a Certified  
8 Shorthand Reporter and disinterested person, and were thereafter  
9 transcribed under my direction into typewriting; that the  
10 foregoing is a full, complete and true record of said hearing.  
11

12 I further certify that I am not of counsel or attorney  
13 for either or any of the parties in the foregoing Public  
14 Hearing, nor am I in any way interested in the outcome of the  
15 cause named herein.  
16

17 IN WITNESS WHEREOF, I have hereunto set my hand and  
18 affixed my seal this 29th day of July 1986.  
19  
20  
21  
22



26  
27  
28

*Charlotte Cervantez*  
\_\_\_\_\_  
CHARLOTTE CERVANTEZ  
CSR #4486 - Notary Public  
State of California



# JON TWICHELL/ ASSOCIATES

P.O. Box 2115 San Francisco, California 94126 (415) 522-1376

Project Approvals • Transportation Planning & Problem Solving

TO: Bill Lazar, Jr.  
FROM: Jon Twichell  
RE: Summary of Results, SuperShuttle Passenger Survey

During the seven-day week, from Monday, June 16, 1986, to Sunday, June 22, 1986, a sample of SuperShuttle passengers was conducted. Drivers asked passengers both to and from the airport to fill out a survey form, if the passenger wished to. A total of 1398 survey forms were returned, about a 15 percent return. This level of participation, along with comparing daily results to the overall week's results, assures me that these results are reliable.

Some of the key results are:

- \* 62 percent of trips were for pleasure, rather than business.
- \* Most users of SuperShuttle flew several times a year, or irregularly.
- \* Convenience and door-to-door service were cited as the main reasons for choosing the service.
- \* In response to a question re mode of travel before using SuperShuttle, here is the breakdown of primary previous mode:

1. picked up/dropped off:	31%
2. other van/limo/Airporter:	23%
3. taxicab:	20%
4. drove and parked:	15%
5. rental car:	5%
6. SanTrans	4%
7. n.a.	2%
- \* This result is particularly important, since it indicates SuperShuttle is lowering auto trips to the airport by a total of 46%, almost 20,000 trips per month; furthermore, pick up/drop off trips, which cause traffic congestion and create no revenue at all for the Airport, were reduced by over 13,000 trips per month.
- \* In response to a question on what improvements SuperShuttle could make in their service, the vast majority of comments were enthusiastic praise for the service... three quarters of the 400+ responses to this question. This indicates to me substantial public satisfaction with SuperShuttle's service

Attached is a copy of a randomly-picked survey response.





SUPERSHUTTLE ON-BOARD PASSENGER SURVEY

Thank you for choosing SuperShuttle for your trip to/from the San Francisco International Airport! We appreciate your support.

In order to make our service even better, would you please take a minute to fill out this survey? You need not identify yourself on the survey form. Thanks again, and enjoy your trip.

1. Is your trip: ☐ business ☒ personal
2. Do you fly: ☐ several times a year  
☐ several times a month  
☒ irregularly
3. Why did you choose SuperShuttle: ☐ convenience/easy availability  
☐ low cost  
☒ door to door service  
☐ modern, clean vehicles  
☐ other \_\_\_\_\_
4. How long have you used SuperShuttle in San Francisco:  
☒ first time  
☐ within the last month  
☐ since beginning of 1986  
☐ since fall of 1985
5. Have you used SuperShuttle in Los Angeles: ☐ yes ☒ no
6. How did you get back and forth to the airport before you began using SuperShuttle:  
☐ drove and parked  
☒ dropped off/picked up by friend or relative  
☐ rental car  
☐ took taxi  
☐ took another van/limousine service  
☐ took SamTrans

7. What could be done to improve SuperShuttle service for you:

.. fix it

Please place completed survey in envelope. Thanks for your help.

700 Sixteenth Street San Francisco California 94107 Telephone (415) 558 8500





# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

AUGUST 5, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

President

**J. EDWARD FLEISHELL**

Vice-President

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

August 5, 1986

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Minutes  
of the  
Airports Commission Meeting

August 5, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:

Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis  
Don Richards Stephens

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of July 15, 1986 were adopted by order of the Commission President.

No. 86-0176

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with the Brown Act, Section 54957.1, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 86-0172 regarding the settlement of a claim; 86-0173, modification of agreement with Alexander, Millner and McGee; 86-0174, exempting Airport curator positions; and 86-0175, an agreement with Morrison and Foerster, at the closed session of July 15, 1986.

\* \* \*

I. CLOSED SESSION:

The meeting recessed at 9:04 AM to go into closed session and reconvened at 9:30 AM.

\* \* \*





E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Goosby said that on July 21 the Commission received information regarding four pieces of pending State legislation. He said that Peter Nardoza had recommended action and wondered if the Commission should adopt a format that will automatically handle these issues. He did not know whether the recommendation was surreptitiously made by the Commission or whether or not action will be taken on those items that could potentially effect the Airport.

Commissioner Fleishell said that these are high policy items that the Commission should be informed of prior to going to the Legislative Advocate. He said that the pending legislation creating an aviation commission has already been amended by the President of the Senate and that it is unlikely that the amendment will be reversed. Commissioner Fleishell said that the author of the bill wants to appoint the Director of the L.A. airport. He said that some of the members of the Commission have experience in these areas and it might be helpful to staff to know what the Commission has to say before asking Mr. Gerber to move ahead.

Mr. Lou Turpen, Airport Director, said current procedure is to transmit information received from Mr. Gerber to the Commission and in that transmission Commissioners are asked for their comments. He felt that it might be appropriate to include a section in the agenda covering legislation under which the Commission could consider whether or not to direct staff to prepare an appropriate resolution reflecting the sense of the Commission.

Commissioner Fleishell said that during the normal legislative session that would be a good way to handle it. He said that the legislative session starts on August 11 and goes three weeks and felt that the telephone would be fast enough.

Commissioner Fleishell said that the document he gave to the Commission this morning was received last Saturday. He was told that no action would be taken on the bill for two weeks yet on Saturday he found out that the Senate approved the bill at 11:00 PM on July 10. He said that neither he nor the Airport received official notification.

Mr. Turpen said it was just a suggestion. He said that staff could continue to send the information to the Commission as soon as it is received and then the Commission can continue to individually make suggestions.

Commissioner Goosby preferred Mr. Turpen's original suggestion of giving the entire Commission the opportunity to comment on legislation.

Mr. Turpen said staff will continue to send copies of all legislation received from Mr. Gerber to each member of the Commission. In addition, a new calendar section will be added called "Legislation" in which bills will be summarized. This will allow the Commission the opportunity to publicly debate legislation and direct the staff to take a position.

Commissioner Fleishell suggested that the meeting adjourn in honor of the memory of the late George Agnost. He said that Mr. Agnost was one of the finest public servants this City has seen in a long time. Mr. Agnost did a great job and he always did what was best for the City.

The Commission unanimously concurred.



Commissioner Bernstein said that there has been some further discussion and correspondence on free carts. He asked Mr. Turpen for his opinion on how the Commission should proceed.

Mr. Turpen said that he sent the Commission a brief note on this matter in which he attempted to outline the options for the Commission. He suggested calendaring this item for the next meeting at which time the Commission can advise staff on how to proceed.

Commissioner Fleishell said that the Mayor should be advised by the Commission that the cost of providing free carts throughout the Airport is not economic. He said that the Commission has always felt that free carts in the International Terminal made sense. He felt that the simplest way to achieve that is to move ahead with the cancellation of the existing contract and bid the new contract with the provision that whoever wins the bid must provide luggage carts in the International Terminal in an amount to be determined by the Director. He said that that was the precise language the Commission put in the contract eight and a half years ago but when it was typed up the words "50 carts" were used instead of what the Commission voted. He felt that if 7 percent of gross is bid instead of 10 percent of gross, the City will not be in the cart business and we will be performing a valuable service to the public.

Commissioner Tsougarakis asked if that change would bring in more than one bidder this time.

Commissioner Fleishell responded that it is hard to say. He felt that since there is a specific economic track record for the current operator we will find that new operators will bid. He said that the operator could buy 1000 carts from Hong Kong at \$100 a piece and be in business.

Mr. Turpen, in clarifying the Commission's desires, said that the issue of free carts in customs only will be addressed; the pay cart system outside the customs area will essentially remain the same in concept; and, to pursue using Smarte Carte or, if that contract is no longer appropriate, to begin the bidding process.

Commissioner Tsougarakis said she would like to see some alternative ideas as well as consider the notion of dissuading the free cart concept.

Mr. Turpen said he will calendar this item for the next meeting and outline some options so that the Commission can direct staff.

Commissioner Goosby agreed that the issue should be calendared but felt that someone should talk to the Mayor about this. He said he did not see the Mayor's letter.

Commissioner Tsougarakis said her concern is that the Commission is getting mixed signals, and added that the Mayor objected when this was placed in the budget last year.

Mr. Turpen said that any information resulting from the next Commission meeting or any action the Commission takes will be transmitted to the Mayor for her concurrence.

Commissioner Stephens asked if an annual report was being prepared as mentioned in a July 17 memo to the Commission.

Mr. Turpen said that staff was proceeding with the report.

\* \* \*



F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted as amended.

1. Resolution Amending Airport Rules and Regulations Governing Commercial Ground Transportation Operations

No. 86-0177

Commissioner Bernstein reminded the audience that there have been several opportunities at public hearings to address the Commission on this issue. He said that there has been some revision to the rules and there will be another opportunity to address the Commission at a later date.

Commissioner Tsougarakis said, as a point of order, that the Commission must vote to re-open the public hearing.

Mr. Turpen said that the City Attorney has advised that the public hearing was closed by the Commission. He said that this period is normally dedicated to the Commission for discussion. If the Commission desires to re-open the public hearing then a vote of the Commission is required.

Commissioner Fleishell said he would rather take public comments after the final copy is before the Commission.

Commissioner Tsougarakis said the Commission must either adopt the rules as they are or modify them. If the rules are modified then the issue will be recalendared for confirmation, at which time the public hearing would be re-opened.

Mr. Don Garibaldi, Airports General Counsel, explained that if the Commission revises the rules then they must be brought back to the Commission with the revised language for confirmation. The public hearing would then be re-opened and the public would have the opportunity to comment on the revisions.

Commissioner Stephens suggested amending the proposed regulations to provide for a two-tier system: courtesy vehicles would be charged 25¢ a trip and revenue vehicles would be charged 40¢ a trip.

Commissioner Tsougarakis seconded the motion.

Commissioner Goosby, adding to the motion, said that language should be added to provide for an appeal procedure.

Commissioner Stephens recommended eliminating the 5 percent free trips.

The following items were unanimously adopted:

2. Authorization to Receive Bids:  
Lease of Automatic Teller Machines in the North and South Terminal Buildings

No. 86-0178

Resolution approving leasehold specifications and authorizing Director to receive bids for the Lease of Automatic Teller Machines in the North and South Terminal Buildings.



3. Rejection of Bids - Airport Contract No. 1691:  
Underground Fuel Storage Tanks

No. 86-0179

Resolution rejecting the two bids received for Contract No. 1691. The contractors' bids were non-responsive.

4. Bid Call - Airport Contract No. 1736:  
Traffic Controllers, Airport Guard Shelters

No. 86-0180

Resolution approving the scope, budget and schedule for Airport Contract No. 1736, and authorizing the Director of Airports to call for bids when ready.

5. Type II Modification for Contract 1414AB:  
Boarding Area 'B' Renovation/South Concession Area  
\$138,268.00

No. 86-0181

Contract modification to provide for additional work for unforeseen conditions and deficiencies in plans and specifications.

6. Bid Call - Airport Contract No. 1738:  
Silt Removal - 1986

No. 86-0182

Resolution approving the scope, budget and schedule for Airport Contract No. 1738, and authorizing the Director of Airports to call for bids when ready.

7. Resolution Modifying Rental Rate and Requesting Supplemental  
Appropriation - Plots 11 and 11A

No. 86-0183

Resolution modifying the rental rate, Republic Airlines for Plots 11 and 11A, and requesting a supplemental appropriation to fund increased sub-lease payments from City to Republic.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Item No. 13 was put over. Items eight through 12 were unanimously adopted.

8. Statistical Adjustment 1985-86 - Joint Use Billings under Lease and  
Use Agreement

No. 86-0184

Resolution adjusting 1985-86 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for Sun Country Airlines, Inc.





9. Resolution Approving Extension of Time

No. 86-0185

Resolution approving extension of time for Aircraft Apron engineering design contract with Daniel, Mann, Johnson and Mendenhall. Contract time extended to December 31, 1987, at no cost change.

10. Award of Contract No. 1515:

International Terminal New Janitor Sinks, Booster Heaters & Alteration

No. 86-0186

Resolution awarding Airport Contract No. 1514 to Echo West, Inc., in the amount of \$29,977.

Two bids were received on June 19, 1986 ranging from \$29,977 to \$32,500.

11. Tenant Improvement:

PSA - South Terminal

Contract T-3141 - No Cost to Airport

No. 86-0187

Resolution approving final plans and specifications and authorizing construction of Ground Service Equipment Room, and Storage Room by PSA at the airline's own expense.

12. Tenant Improvement:

Hertz Lot A

Administration Building Modification

T-3139 - \$25,000 - No Cost to City

No. 86-0188

The following item was put over

13. Tenant Improvement:

New Hydrant Fuel System

Contract T-3134 - No Cost to Airport

Resolution approving the plans and specifications and authorizing construction of a new hydrant fueling system on Boarding Area 'C' by Air California, Delta and Northwest Airlines at their sole cost and expense.

\* \* \*



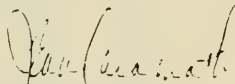
H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:55 A.M. to go into closed session.



Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

AUGUST 19, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

President

**J. EDWARD FLEISHELL**

Vice-President

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

August 19, 1986

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Minutes  
of the  
Airports Commission Meeting

August 19, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:06 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein, President  
Z.L. Goosby  
Athena Tsougarakis  
Don Richards Stephens

Absent: J. Edward Fleishell, Vice President

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 5, 1986 were adopted by order of the Commission President.

No. 86-0189

\* \* \*

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Goosby introduced a declaration of emergency for the removal of asbestos in the South Terminal. He asked Mr. Jason Yuen, Acting Director of Airports, to explain.

Mr. Yuen said that asbestos was discovered in about 7000 square feet of area demolished in the South Terminal. He explained that although the contractor for that area has a subcontractor licensed to remove asbestos, he quoted a price of \$181,000 and said he needed six weeks to do the work. Mr. Yuen said that this would delay the South Terminal construction project by six weeks. He approached another contractor, currently working in the South Terminal removing asbestos, who submitted a bid of \$91,000 and will require half the time to complete the work.

Mr. Yuen recommended the work be taken away from the general contractor and he asked the Commission to declare an emergency and issue a contract for a separate contractor to do the work.



Mr. Yuen added that the original drawings did not show that there was asbestos in that area.

Commissioner Goosby asked if the difference in the cost between the two bids would impact the health standards that must be met in the removal of asbestos.

Mr. Yuen said that there are a variety of health standards that must be met and he was satisfied they will be met. He said that a special license is required to remove asbestos, both contractors are licensed to remove asbestos and both contractors have done this work at the Airport.

The item was unanimously adopted by the Commission.

No. 86-0189

Mr. Laine Jenkins, Universal Installation, asked permission to address the Commission.

Mr. Jenkins said he was the subcontractor who submitted the bid for \$181,000. He said he has done this work for Williams and Burrows, Echo West and the Airport itself and is currently working at the Airport removing asbestos. He said he has been doing this work at the Airport for approximately two years.

Mr. Jenkins said he met with Dr. Fowler, who was called in by SFO to survey the matter, and that his price was based on Dr. Fowler's recommendation. Mr. Jenkins said that Dr. Fowler's statement (found in a letter addressed to Tutor Saliba) indicates that "...all structures in the bar are particularly contaminated with asbestos from the fireproof beams. Thus, I believe that all demolition work in the bar should be done under appropriate controls. This includes all clean-up and soft demolition including pick-up of the carpet and furniture. Because of the potential for contamination of the lath and plaster ceiling and walls and our past experience with discovery of previously unsuspected asbestos in similar situations, the demolition of these structures should also be done under stringent enclosure and control conditions. The structures in the back of the kitchen area, two by four wire mesh construction, are also probably contaminated. Even if not contaminated, demolition of these structures will inevitably disturb the fireproofing and will cause potential exposure to demolition of these structures. Thus, it makes no sense to attempt to separate the demolition work and the asbestos abatement work."

Mr. Jenkins said that there are seven or eight walls running throughout the area and workers will be exposing themselves to asbestos if the work is done with a bobcat (a miniature type of "catapillar" used to tear down walls). He said that the wire mesh must be treated as contaminated and everything must be sealed in barrels and taken to the appropriate area for disposal. He said that although it is not impossible, it is highly improbable that ECU can do the work for the price they quoted. Mr. Jenkins said he also had a letter from Gene Bordegaray of BPC dated August 9.

Commissioner Goosby asked Mr. Jenkins if Dr. Fowler's letter was addressed to Airport staff.

Mr. Jenkins responded that Dr. Fowler's letter was addressed to Tutor Saliba, the contractor.

Commissioner Goosby asked if the other contractor received a copy of Dr. Fowler's letter.



Mr. Yuen responded that both contractors were given the same information. He said there are very tight controls for the removal of asbestos and both contractors meet OSHA and EPA standards.

Commissioner Stephens asked if the Airport would have as much protection under this contractor as it would have under Laine Jenkins.

Mr. Yuen responded that the Airport would probably have more protection because the other contractor is proposing to erect plywood barriers to keep people out of the area. Mr. Jenkins is proposing to use plastic sheets.

Mr. Jenkins interrupted Mr. Yuen and said that the area must be boarded up with plywood. He argued that if this work could be done in other than a manual effort he could easily meet the price.

Commissioner Stephens said that if the contractor has bid too low that is his problem.

Mr. Jenkins argued that the contractor is not going to do the work manually. He said that his bid provides for the work being performed manually, as per his discussion with Dr. Fowler.

Commissioner Goosby asked Mr. Yuen if he was satisfied that ECU's bid was responsible and if Dr. Fowler has looked at how ECU plans to do the work.

Mr. Yuen said that they will work together.

Mr. Yuen added that staff met with Mr. Jenkins and he was given the opportunity to lower his price, which was originally \$217,000.

Mr. Jenkins told the Commission that he was aware of ECU's bid before he worked up his bid and he knew that the work could not be done for that price.

Commissioner Stephens asked Mr. Yuen to talk to Dr. Fowler and make sure that the manual versus non-manual method is not a problem.

Mr. Jenkins argued that Dr. Fowler has not been notified by ECU about this problem.

Commissioner Stephens said that the Airport-Art Joint Committee met yesterday to discuss a piece of sculpture by Manuel Neri anticipated for Lounge 11, the Hub in the North Terminal. He showed the Commission a photo of the sculpture and said it will cost the Airport \$60,000. He said he thought the piece was fabulous.

Mr. Yuen said that there was considerable discussion regarding the potential problem of vandalism and the possibility of the sculpture being used for graffiti. He said that Commissioner Stephens has suggested that the piece could be placed in Lounge 11 but could be moved to a more public area in the event there is a problem.

Mr. Yuen said that the Commission must vote to approve the purchase.

Mr. Don Garibaldi, Airports General Counsel, explained that the money cannot be expended without a vote.

\* \* \*





E. PENDING LEGISLATION:

1. Report on State Legislation

Mr. Yuen asked Peter Nardoza, Assistant Deputy Director of Business and Finance, to report to the Commission.

Mr. Nardoza said that the report is self-explanatory. He did tell the Commission that they should have received a correction to the report in yesterday's mail which explained that AB1801, the noise bill the Commission has been interested in, is not on the Governor's desk. He said that although the bill has been passed by both Houses of the Legislature the author requested that it be held in a conference committee so that interested parties could approach the Governor to determine whether or not he wanted any amendments that would then allow him to sign this legislation. Mr. Nardoza explained that the Governor has vetoed this same piece of legislation in the past.

Mr. Nardoza said that the information on the other three bills before the Commission is self-explanatory. He said he would be happy to make any communication to Mr. Ed Gerber on the Commission's behalf.

Mr. Nardoza reminded the Commission that the Legislature will end its session at the end of this month.

Commissioner Goosby asked to which noise bill Mr. Nardoza was referring.

Mr. Nardoza responded that this is the Robinson Bill which would declare Airport noise to be permanent rather than continuing and, as a permanent nuisance, a nearby resident could sue the Airport only once and not on an on-going basis.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted as amended.

The following is a verbatim transcript of Item #2.

2. Resolution Amending Rules and Regulations  
Ground Transportation Operations

No. 86-0191	Resolution amending Airport Rules and Regulations governing commercial ground transportation operations.
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Mr. Yuen: Pursuant to the Commission's instructions at the last Commission meeting, the staff has revised the Rules and Regulations and it is now before you, and I think there are people who would like to address the issue.

Commissioner Tsougarakis: I'll move the staff recommendation.

Commissioner Goosby: Second it, so it's before us.



Commissioner Bernstein: I'd like to offer an amendment to it. I'd like to bring the 40¢ charge down to 35¢ so that it is 25¢ and 35¢

Commissioner Tsougarakis: I'll accept the amendment.

Commissioner Goosby: I'll second.

Commissioner Tsougarakis: Comments?

Commissioner Bernstein: Are there any comments? Mr. Conklin from Alamo Rent-A-Car. Do you want to speak on it?

Mr. Conklin: We definitely have no objection to the revised rate structure in terms of courtesy vehicles. We do have one other concern with the proposed regulation and that's a possible inadvertent violation on page 18 of the headway restriction. And that says that "...every operator of a courtesy vehicle shall maintain average headways between its courtesy vehicles of not less than five minutes." There are occasions where due to traffic congestion or matters beyond the control of the operator or driver that there may be a less than five minute interval and we certainly don't want to inadvertently violate that section and be subject to revocation and sanctions by the Airport authority, so I think there has to be some allowance for violating that section where congestion at the Airport or other factors have created a less than five minute interval between the vehicles.

Commissioner Tsougarakis: That's average. It doesn't say anything about a specific...it means 12 an hour, is what it means.

Mr. Conklin: Well, I'll take that interpretation. If you feel it's an average of five minutes, I have no problem.

Commissioner Tsougarakis: Twelve an hour.

Mr. Conklin: Other than that we have no objections to the proposed amendments. Thank you.

Commissioner Bernstein: Thank you. Mr. Leonoudakis of the Airport.

Commissioner Tsougarakis: Three minutes, Steve.

Mr. Steve Leonoudakis: Good morning, members of the Commission. I have a couple of questions I would like to first ask of Mr. Garibaldi. The plain reading of the revised set of regulations would seem to indicate that anybody that happens to get a permit from the PUC to serve the Airport will automatically be allowed onto the Airport and be governed by these rules. For example, if a new van operator came on, received a permit from the PUC, he would be granted a permit, is that correct?



Mr. Don Garibaldi: If he satisfies all the Airport's requirements for the issuance of a permit. It requires a performance bond, liability insurance, that sort of thing. And he must agree to sign our permit.

Mr. Leonoudakis: Right. And without limitation. Here's the real problem that I have. There seems to be no limitation as to the numbers of vehicles that any van operator can bring onto the premises. There is some discretionary language in the Director, but, and here's the real problem, the PUC has taken the posture of deregulation so they issue five or six more permits and they take the same posture that SuperShuttle has taken, for example. Today they have 35 vans and soon they will have another 10, that will be 45, and soon they will be serving the Peninsula and Santa Clara County. There could conceivably be 100 vans next year and 200 vans the following year and there's nothing in the language of this document that shows there is any way to limit the number of vans save and except that there is some discretionary authority on the part of the Director of the Airport. For example, the 40% isn't going to do it. It certainly isn't, but there should be a paragraph that relates to headways with reference to vans. As I understand, all of the other van operators except SuperShuttle are willing to accept the same limitation that you have on courtesy vehicles, that is to say, no more than every five minutes can a van come on and no more than 20 in an hour. Now, in fairness to all of us...(interrupted by Commissioner Goosby).

Commissioner Goosby: That's still in here.

Mr. Leonoudakis: No, that's only for courtesy vehicles. Those are the vehicles that serve the hotels, the parking lots and the motels. That's on page 18.

Commissioner Goosby: Right.

Mr. Leonoudakis: I would urge you to put in that limitation otherwise there is this potential of the biggest fish getting bigger, bigger and bigger and pretty soon there is no way to limit.

Commissioner Stephens: Mr. Leonoudakis, was that something that was changed from the prior rules? Was it in there before this amendment? The headway limitation before this amendment.

Mr. Leonoudakis: No. You never had a headway limitation as to vans. You've always had a headway limitation as to courtesy vehicles because the automobile rent-a-car people started to impact the roadways, as I understand it, more and more and so finally they introduced a rule that said you can't come on here more than 20 in an hour or every five minutes. And my problem with SuperShuttle is that one hour that I stood there when they were doing their thing...(interrupted by Commissioner Goosby).

Commissioner Goosby: The Director has the power under this...as he recommended it to us, the minimum headways shall be based upon the Director's assessment of the capacity and usage of the Airport's roadways as well as the quality of the transportation...that's in the



case of the other vehicles.

Mr. Leonoudakis: In the case of the other vehicles, the courtesy vehicles, you have something specific in the regulations that says "...not more than every five minutes." My experience when I was down there, there was one hour in which SuperShuttle made 122 loops in an hour. Was that okay then? Is it going to be okay as we go downstream? How about the other van operators...today they have four vans, perhaps they will grow to 10 or 20 or 50. I don't know.

Commissioner Tsougarakis: I would suggest that we need to get some experience with the new rules and regulations and with the paragraph that Commissioner Goosby just cited, we will have the opportunity to amend the headways as required, or the Director will.

Mr. Leonoudakis: Then there's one section in here, I also ask Mr. Garibaldi if he would...it's on page 2 and this is with reference to the red and white zone. And it says that "...no vehicle shall stop, wait or park in any area adjacent to the curb which is painted red and white except those vehicles operated by ground transportation carriers with upper level permits only." Okay, these are the vans that we're talking about. And then it says "...and taxis without an Airport permit may stop at this zone while actively engaged in loading or unloading passengers and/or baggage." Who are taxis without Airport permits? Are they the people from San Jose?

Mr. Garibaldi: That's correct. Other than San Francisco taxicabs. Those that don't go through the taxicab lot but have a prearrangement with some passenger to pick them up or drop them off.

Mr. Leonoudakis: All right. Now, the problem I have with that is we have a requirement for pre-arranged here and we all understand in the industry what "pre-arranged" means. The one thing it doesn't mean is flagging a cab down. You can't flag a cab down under any of the rules up until now at the Airport. You should not be permitted...now here's a cab that's on the premises and if he's got a flag down, under these rules now, he can go ahead and pick anybody up he wants to because under your definition of pre-arranged, and this is on page 4, pre-arranged is excellent until you get to page 4 where it says for the purposes of the rules "...pre-arranged shall mean and include flagging down by a passenger of a commercial ground transportation vehicle."

Mr. Garibaldi: Not a taxicab. Taxicabs are separate from our definition of ground transportation.

Mr. Leonoudakis: All right. Here's what your giving the vans, you're giving them a place with a sign, a location, each one of them is going to have...Good Neighbor's is going to have a sign, as I understand it, SuperShuttle will have a sign...every customer will know exactly where his carrier is supposed to be. Downtown Express. He comes and he lines up in that given place. Why do you give them the additional right to allow passengers to hail anybody down. You don't allow it elsewhere. It is not inimicable to the definition of what we understand in the industry as pre-arranged or on-demand. It's bad enough that you allow them to radio dispatch and do these





other things but to allow them to have this language in here leaves your police with no ability at all to enforce the section that deals with solicitation. None whatsoever. And I've asked, time and again, that that particular language of flagging down be removed because it is...these are on-demand operators. They are supposed to have a pre-arrangement with a customer. They have a pre-arrangement when they pick up in the city. You know, if they did this in the City the taxi detail would come down on their back and say look, you have a permit to operate on-demand, that's what the PUC said. You have to have a weigh bill, you have to have a customer's name, you have to have an arrangement with that customer prior to picking them up. You can't cruise the hotels and wait for somebody to raise their hand and flag them down. You're now operating like a taxicab. You can't let that happen in the City, they'll destroy the cab business as we understand it. That jurisdiction, that work effort belongs exclusively to the cab industry in San Francisco and they can't wedge their way in and come in through the side door and I urge you not to allow that language to remain...the flagging down. Require them to be pre-arranged. You've given them half the place as it is and I would ask that that particular paragraph be stricken...the language that starts "...for the purpose of rules, pre-arranged shall mean and include flagging down..."

Commissioner Goosby: What page did you say? Four?

Mr. Leonoudakis: This is on page 4.

Commissioner Stephens: Jason, why do we have that in there? Why do we allow them to flag down, SuperShuttle, if they have a location?

Mr. Yuen: I'll let Angela respond to that.

Ms. Angela Gittens, Deputy Director of Business and Finance: The idea of this was we were recognizing the passenger's right and the passenger's choice of a vehicle. These are on the upper level; the passenger has clearly made a choice of an on-demand carrier. They have not chosen Airporter, they have not chosen a taxicab. They have gone upstairs. They have not chosen a limousine.

Commissioner Goosby: If all the carriers are going to have signs, Angela, when they line up behind a sign they have made a choice, right?

Mr. Gittens: That's right.

Commissioner Stephens: Yes, what but you're saying is on the way to line up behind that sign they have definitely committed by going to that location; that they are not going to get on an Airporter and they are not going to take a taxi.

Ms. Gittens: It's clear to us that they have committed...



Mr. Yuen: That's right. They have to make a special effort to go upstairs with their baggage in order to do this.

Commissioner Stephens: Once they have made that commitment, Mr. Leonoudakis, why would you object...I mean once they have said that they are not going to use the Airporter why do you care if they flag it down or not?

Mr. Leonoudakis: Well, because it is a form of reverse solicitation. First of all, I don't believe that what's happening here should be happening in the industry and I'd like to address that in a minute, but if there's a sign and a person has selected to stand beside the sign of SuperShuttle he's made his selection to ride SuperShuttle. There shouldn't be visible demonstrations by these folks to haul someone down. They're supposed to make a telephone call and make a pre-arrangement. It is just one of those extra little things that is destroying the ground transportation industry, and I'll get into that in a minute, by allowing this proliferation of additional carriers.

Commissioner Stephens: Are they supposed to make it when they are at the Airport and they are going back to San Francisco to use SuperShuttle, are they supposed to make a telephone call first or just supposed to go get in a line first? The way I understood what Ms. Gittens said is that they have made the decision to come to the second level of the Airport and get into the line in order to use SuperShuttle.

Mr. Leonoudakis: Right.

Commissioner Stephens: Do you have this agreement that once they have come to the upper level they have made the decision to take SuperShuttle?

Mr. Leonoudakis: I believe that violates my contract and I'll get into that in a minute.

Commissioner Stephens: But that's a different...

Commissioner Tsougarakis: But you can't sue the passenger.

Mr. Leonoudakis: No, I'm not going to sue the passenger.

Commissioner Tsougarakis: It's a matter of free choice and he doesn't know the difference between the fact that he can get on your bus without solicitation or without pre-arrangement and not get on the van without pre-arrangement. He doesn't know that. All he wants to do is get on whatever means of transportation he thinks is going to work for him. And if he goes upstairs he's made a commitment to that decision.

Mr. Leonoudakis: Then let me digress for a moment, if I might. Anyway, I think I hear the message loud and clear from the



Commission. It appears that it is your decision, at least in the area of ground transportation, to provide the public with what you feel is first class ground transportation service into San Francisco by any and all kinds of shapes and sizes of carriers.

Let me give you just a little history because I've been down at the Airport about 37 years starting as a postal clerk and going through a lot of other ventures down there, but historically, in the beginning the ground transportation at the Airport was served by three principle carriers, the taxicabs, the limousines and the large buses. Now, all of these carriers had exclusive contracts and they were given exclusive contracts because they had substantial investments. In our case over \$5-million. Other people who serve at the Airport, who make substantial investments, like the food purveyor, who also has a multi-million dollar investment, he has an exclusive contract to serve that food. Now, but since, what has happened to us in the last 10 years, first the Airport allowed SamTrans to come onto the property. Let me tell you, there are 15 new carriers on the Airport all serving the same market, taking a person from the Airport and providing him with a ride into San Francisco or the adjacent area. Fifteen have been added when you started out with originally just three. But SamTrans came on and they put in four routes, two of them express, practically, and they came in with a fare of 90¢, which is very attractive. And if you read the papers recently they are carrying 1500 plus passengers from the Airport. They took a big piece of the market. Then, following SamTrans we had the introduction of Airport Services for Marin, Sonoma, Santa Rosa, Ukiah, Vallejo, Oakland, Sacramento, Airport Connection and so forth. Now, it may be all right that you allow them all in and that you want this first class service. If you're going to allow them in, and obviously you're going to by these rules, now allow yet a new segment of carriers. First we had Lorries, then we had Good Neighbor, Downtown Express, these are all the van operators, Airport Service and, ultimately, SuperShuttle.

The van operators pay nothing to the Airport, up until now. SamTrans has never paid the Airport a dime. All these other carriers I mentioned pay, I think \$100 a month. Now, under the regs you are asking for 40¢ for each loop. Let me tell you that this market has been decimated. Many of our buses leave with two, three and four passengers. Let me also remind you that we are the carrier that has the obligation to the Airport to provide 15 minute headways. That means that I have to employ 185 union organized people. I have to provide a bus garage, a bus parking facility, I have to provide a downtown terminal; over \$1-million it cost us. But we're invested now at \$5-million, maybe more. We provide you with 15 minute headways. Every 15 minutes a bus leaves the Airport. Each one of those buses, the new ones, cost us \$180,000 a piece. All we're asking for is that if you're going to allow a competitive carrier who on many occasions take more people from the Airport than we do, give us an equitable and fair rate. Charge us on the same basis. You've got 15 carriers plus 860 taxicabs, plus the limousine service, plus our service. By way of example, you are charging SuperShuttle or the van operators 40¢, and now did I hear that it was amended to 35¢?

Commissioner Tsougarakis: Yes.

Mr. Leonoudakis: Okay. Actually they carry six passengers, they're paying 6¢ a passenger. I'm required to provide the terminal, the equipment, the drivers, the headways and everything else and I tell you truthfully there are many of our buses that leave there with fewer passengers than any of the van operators do that are upstairs.



charge us at the same rate, in fairness. We'll continue to provide the headways, we'll continue to provide the terminal facilities, we'll continue to provide the new buses and so forth but it seems eminently unfair to me to ask us to do all those other things, which we have done, and we've never missed our commitment to the Airport. In all these years the market has been eroded substantially and I really ask, if I get nothing more, forget the waiving down and so forth, give us a fair break on the charge per passenger carrier. Thank you very much. Any questions.

Commissioner Goosby: Your remarks fall on sympathetic ears, Mr. Leonoudakis.

Mr. Leonoudakis: Then I'd appreciate a motion to reduce the charge.

Commissioner Tsougarakis: That's a separate issue that we can look at. Anybody else.

Commissioner Bernstein: Ms. Lenvin.

Ms. Nancy Lenvin: Good morning, Commissioners. I'm Nancy Lenvin representing SuperShuttle.

What I'd like to say this morning is thank you for your patience and concern regarding all these issues. We are really down to only one and that is the bottom line of the charge. SuperShuttle initially, as well as the other van operators, had talked to the staff and to you about a 20¢ per pass trip. While SuperShuttle has no objection to a two tier system to assist the hotel and courtesy vehicles they really had believed that the 40¢ that you had passed last time was too high and still object to the 35¢. What they can live with is, in fact, the 30¢. Unfortunately, it's hard to understand...the numbers have to be translated to real live dollars. We had calculated that at present levels each 10¢ increment meant the difference between \$20,000 a year. Obviously, a nickle is approximately \$10,000, but that number increases as you begin to increase and expand the service. The key for SuperShuttle is one that the fee at this time ...I'm sorry Commissioner, you're looking confused. If you have more trips you pay more money.

Commissioner Tsougarakis: I believe in the large economy size. That's why I have trouble with that. Anyway, go ahead.

Ms. Lenvin: What SuperShuttle, as a carrier is concerned about is one, it was interested in holding its present fare structure. That what it is providing is a door-to-door service; that we think about is businesses and tourists going to the Airport but you have to remember that senior citizens are using this service. It is a safe, reliable way to get from home without having to go someplace else out to the Airport. And, you have to remember that while some neighborhoods have been discriminated against by taxicabs, SuperShuttle is going to outlying neighborhoods and providing door-to-door transit for folks in the Sunset, Hunter's Point, Western Addition to save those people trips to other areas. So in fact there is a public service that needs to be kept on a competitive basis because in fact what Super Shuttle has shared its passenger statistics with the Metropolitan Transportation Commission and, in fact, we believe there will be a for the van technology because the transit experts are





great support saving vans, for the very first time there is a chance of removing people from private cars. In fact, the SuperShuttle van mechanism, with its high quality, low price service is in fact reducing congestion at the Airport. It's a good partner, it's not an adversary. So, we are here to urge that the fee go to the 30¢ level; that you commit to keep the fee for at least a year so that everybody can take a look at budgets, see how it goes so that business people can plan budgets given the scheme; and, SuperShuttle urgently asks you and earnestly asks you to reinstitute the five percent or fifty trip leeway and discount. Given the operation of these vans you have people that you heard extensive testimony that there comes a time when every operator, no matter how good, needs to come back to a passenger. Things happen often enough in the carrying of people that you need that flexibility without penalizing the carrier. And so we would again urge that the five percent or 50 trip leeway that was originally proposed by your staff be reinstituted and placed back in. Although there maybe some additional problems with the rules and the implementation mechanisms I have been assured by Mr. Turpen that these can be worked out and SuperShuttle is prepared to work with your senior staff to achieve a workable mechanism to achieve these goals. So, the only thing we are asking today is to please put the fee back to 30¢, which is indeed high.

Commissioner Goosby: What do you mean back? It's never been 30¢, it was \$1.00.

Ms. Lenvin: I understand. We had been urging at 20¢; we had believed that 30¢ was a fair and equitable fee. Indeed, there is no question that we'd all been talking among ourselves, to your staff and with you regarding what we believed was a mechanism that achieved revenue for the Airport, a fee against the van operators but one that was not going to unduly penalize an industry, which in fact is probably your best shot at reducing congestion. And so, given all the benefits, we thought that that level, which is still high to all the operators, would be a fair beginning mechanism. And, my client has also asked us to thank you for your patience and consideration on these issues over these last several months. Thank you.

Commissioner Bernstein: Nancy, before you leave I'd just like to tell you, remind you that this is a change in procedure and this is also subject to change if it doesn't work out. I'd also like to tell you, and I've just been talking to Commissioner Stephens about it and he agrees with me, I've just been handed some numbers, because I asked for it, and at 25¢ and 35¢ it shows a deficit to the Airport, a loss to the Airport of \$988,000 a year. Now...(interrupted by Ms. Lenvin)

Ms. Lenvin: Mr. Bernstein, I have seen...I have a great deal of respect for Ms. Gittens and the staff but that assumes that every user of the roadway has to have a percentage share.

Commissioner Bernstein: No, it may be the staff's opinion but I don't it's any of the Commission's opinion. I don't think that we're asking that everything pay its way. Otherwise we'd have to lock every toilet and go on and on and on. However, I must tell you...

Ms. Lenvin: But, if we just stayed with the ground side...



Commissioner Bernstein: ...somewhere along the line we had to start and this was a start. And it's subject to review. If you'd like to look at the figures I'd be delighted to show them to you.

Ms. Lenvin: I have seen. Your staff has been very forthcoming with the figures. The almost \$1-million figure would reduce...at the moment, the way your budgeting works and the agreements and the settlement agreement with the airlines is that I understand and we can all recognize the good faith effort on the part of the Airport and this Commission to reduce the amount of the subsidy which the airlines pay. But, there is that good faith is not...(changed tape) the general fund and the balance will be a carry-over to next fiscal year and reduce the amount that the airlines have to plug in to cover your costs.

Commissioner Bernstein: But there is such a thing as correct business procedure.

Ms. Lenvin: Well, the question is your public interest and either your going to decide, which is perfectly legitimate, I disagree, but it's a legitimate decision to say okay, we're going to reduce the airline dollars versus subsidizing the other one.

Commissioner Bernstein: I assure you that every Commissioner has poured over these things and has studied these things.

Commissioner Goosby: We've read all these arguments many times.

Commissioner Bernstein: We have studied these things over countless hours and I'm not so certain that at this moment that we have two that are in agreement. But, we must start somewhere and I think this is perhaps a starting point. But I just wanted you to know...I don't know and we're going to study it again, at least I am, where the loss occurs and I realize all the good will and the things that are necessary in the conduct of a business but we do lose \$988,000 at that rate. And, I must admit that it's a lot of money. I don't know where it is but I'd be delighted to show it to you when we finish.

Ms. Lenvin: I'd be delighted, but I don't think that that's your loss figure. But as long as you make the decision up front here that that's where your rules are...

Commissioner Bernstein: All the decisions were made up front. We're not on a commission basis.

Commissioner Stephens: Thank you.

Ms. Lenvin: Thank you.

Commissioner Bernstein: Mr. Andy DePaule, Good Neighbors Air Bus.



Mr. DePaule: Thank you for your time. My name is Andy DePaule, Good Neighbors Air Bus. If I may, Mr. Jim Clapp, who is the attorney for Lorries had written a letter which he is not able to attend the meeting today. I'd like to give a copy of the letter to you and also to read it into the record, if possible. Also, some photographic evidence which was given to me a little while ago will show, I think, part of the problem that we've been trying to deal with.

Originally, one of the main problems here it was suggested that the Airport's major problem with the van services was the congestion being caused at the red and white zones and we feel that even with this charge, whatever it winds up being, there's still going to be that congestion as long as there's no control on headways, no real control. As long as the Airport Director, just by being warned in advance, can raise the number of trips for any company in any given hour, there's no way to control the congestion. And one of the problems has been that of the five operators, one of them continually floods the red and white zone to the point of the exclusion of other van services even being able to get in to see if their people are there. By the time they get there their people are gone. If I could, I'll go ahead and read this letter.

Mr. Yuen: Excuse me. Since you have given copies to the Commission and the Secretary will put that in the record, is it necessary to read the letter?

Commissioner Stephens: We'll just agree that it's in the record.

Commissioner Bernstein: Are you going to read that now? It really isn't necessary. If you're going to read it we may as well give you back the...

Mr. DePaule: Okay. Maybe I can just outline it briefly.

Commissioner Bernstein: We will read it.

Commissioner Stephens: Just accept it into the record.

Mr. DePaule: Okay. Thank you.

Commissioner Bernstein: Thank you.

Commissioner Goosby: There will be headways established. We already mentioned that. There will be headways established.

Commissioner Tsougarakis: Well, he's got the capability of doing it.

Commissioner Bernstein: Ms. Jacqueline Cobb, Parking Company of America.

Ms. Cobb: I'm Jacqueline Cobb from Parking Company of America. In the letter we got last week on proposed prices per trip you had the



courtesy vans for 25¢ and all other vans at 40¢. We were not sure what category we fell into so we called Jerry Copelan who told us we would fall into the 25¢ courtesy van.

Commissioner Tsougarakis: What's the name of your company?

Ms. Cobb: Parking Company of America. At the first of the meeting did you say that the 25¢ had gone to 35¢ also.

Commissioner Tsougarakis: No.

Ms. Cobb: Oh, I'm sorry. I misunderstood.

Commissioner Stephens: Two tiered, 25¢ and 35¢. It was 25¢ and 40¢ before.

Ms. Cobb: What we understand is that...we wanted the two tier ones because we are restricted to 20 trips to the Airport and I understand on the other ones that are paying the extra amount can have as many trips around the Airport as they want. We would like to see in the papers that the off-Airport parking lots are included in the 25¢ ones. Right now it just shows the motels/hotels and rental cars. It does not show us in there at all.

Commissioner Goosby: Well, you're in there.

Commissioner Tsougarakis: Yeah, you're in there. Parking?

Ms. Cobb: Okay, we wanted to make sure. There's three off-Airport parking.

Commissioner Tsougarakis: I understand that.

Ms. Cobb: And I just wanted to make sure we were in there.

Commissioner Goosby: Yeah, you're in there.

Commissioner Tsougarakis: That's our understanding.

Ms. Cobb: Thank you.

Commissioner Bernstein: Thank you.

Commissioner Tsougarakis: It is the understanding of the Airport Commission that that off-Airport parking is included in courtesy vehicles.





Ms. Gittens: I'm sorry, that was inadvertantly omitted. He will correct that.

Commissioner Tsougarakis: But that is the Commission's understanding.

Commissioner Bernstein: Ms. Hartman. Would you like to say anything?

Ms. Hartman: Everything we wanted to ask has already been asked.

Commissioner Bernstein: Thank you. Mr. Eldon Johnson, charter buses.

Mr. Johnson: Commissioners, I represent several charter bus companies. We have a slightly different point. We would like to urge the restoration of the low level cut-off point. Some of the charter bus companies in slow months run only ten trips a month. That's writing a check for \$3.50. That really dosen't make any sense. The record keeping associated with that and this low level indicates that somewhere, at some level there ought to be a cut-off.

Commissioner Stephens: Is this the five percent exemption that we used to have?

Mr. Johnson: No. This is the 50.

Commissioner Goosby: Fifty free trips.

Mr. Johnson: The 50 trips.

Commissioner Tsougarakis: Five percent or 50 trips.

Commissioner Stephens: I'll tell you. We talked about that and I think what we decided is to take a look at it. We don't want to collect \$3.50 either. I think that will take care of itself. If it turns out that way then we'll amend it later.

Mr. Johnson: Well, my urging is 50 is a good number. Twenty-five is a good number but certainly there ought to be some low level where you don't get involved in this small amount. Thank you.

Commissioner Bernstein: Thank you Mr. Johnson.

Commissioner Tsougarakis: In other words, the notion is that we're going to review that after experience.

Commissioner Stephens: If we get a bunch of \$3.50 checks I'm sure the staff will come back to us.



Mr. Yuen: The Commission can always amend the rules and the rates.

Commissioner Bernstein: All right, anything else? Let's take a vote on it.

Commissioner Goosby: That's all the speakers?

Commissioner Bernstein: That's all the speakers on that.

Commissioner Goosby: Okay.

Commissioner Tsougarakis: Call the roll.

Commissioner Bernstein: Would you call the roll.

Mr. Yuen: Let me get this clear first. The approval now is on the regulations as amended by what the Commission brought up today... 25¢/35¢.

Commissioner Goosby: We're approving it.

Commission Secretary: Commissioner Bernstein: Yes.  
Commissioner Goosby: Yes  
Commissioner Tsougarakis: Yes  
Commissioner Stephens: Yes

The following item was unanimously adopted.

3. Authorization to Bid:  
Boarding Area E - Principal Concession Lease

No. 86-0192	Resolution approving leasehold specifications and authorizing Director to accept bids for Boarding Area E - Principal Concession Lease and Agreement for Retail Merchandising Sales in the North Terminal.
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Mr. Yuen said that staff conducted a pre-bid conference and drafted a lease which is before the Commission for approval.

Commissioner Goosby asked what the minimum is.

Ms. Gittens responded that the minimum was reduced from \$600,000 to \$500,000.

Commissioner Bernstein asked Mr. Dattani, of Dattani and Company, if he wished to address the Commission.

Mr. Dattani said he is a partner of one of the potential bidders for this concession. He asked the Commission to consider making this concession a set aside for minorities and/or women. He told the Commission that concessions in airports around the country are



beginning to look like stereotypes because participation and ownership are the same big corporations projecting the same image, the same goods, and the same high prices. He said that they have subtenants who are minorities or women in order to meet the HRC requirements but the method of doing business is controlled by the principal tenant. He said that there is really no true impetus to minorities or women to bring out their entrepreneurial spirit and maximize their abilities to conduct a business.

Mr. Dattani also said that big corporations can submit large bids in order to retain a foothold in airport concessions. He said that these large corporations can afford to run operations at a loss if need be. He felt that this concession is small enough for large, established corporations to let go of but large enough for minorities and women to pick up as principal tenants. He said it was his understanding that there are only two principals out of 20 or more at SFO. He urged the Commission to establish this concession as a set aside for minority/women only.

Commissioner Bernstein said he did not know of any large corporations that would deliberately run an operation at a loss.

Mr. Dattani argued that large corporations can afford to make outrageous assumptions. He said that this concession would give a minority the opportunity to come in as a principal tenant rather than as a subtenant.

Commissioner Goosby asked Ms. Gittens if the City Attorney's opinion on set asides was still the same and if the City was still in court on the original case. He said that this case was predicated on the fact that our remedies under this ordinance to increase the number of minorities and women participating in City contracts have been exhausted. He said it was his inclination, as well as that of the rest of the Commission, to establish set asides but that action would be contrary to the City Attorney's opinion. He said that even though set asides are not permitted under this ordinance, City departments must make every effort to voluntarily give 30 or 35 percent of their business to minorities and five or 10 percent to women.

Commissioner Goosby added that five years ago the City Attorney said that it was legal for City departments to set aside on the basis of small business. He said that the City Attorney felt he could defend a small business set aside on the grounds that he is protecting the interests of local small businessmen. He asked Ms. Gittens if this concession could be established as a small business set aside.

Ms. Gittens told Commissioner Goosby that although this is small for a principal concession it is still a large concession and the experience requirements are such that a small business person alone would not even be eligible to bid. She said that the capital investment requirements to build the shop, not including inventory, is about \$200,000 and the bid is \$500,000. Staff did look at the possibility of a 100 percent set aside but since the Airport awarded 45 percent of concession leases last year to minorities or women the Airport has no basis for needing a set aside to try and meet our goals.

Mr. Dattani asked if Ms. Gittens was referring to 45 percent of principal tenants or subtenants.

Ms. Gittens responded that it included both.



Commissioner Goosby felt the points were well taken. He said that although he had received information from the staff that this concession was too large to set aside for a minority he felt members of the audience would benefit from the explanation.

Mr. Dattani urged the Commission to reconsider.

Commissioner Bernstein asked Benny Tan if he wished to address the Commission.

Mr. Tan said that as an Airport sublessee he has grown to the point where he feels he can put together a small business that can bid on a lease of this size as a joint venture, if not alone. He said he has approached the Commission before on small business set asides.

Commissioner Goosby asked Mr. Garibaldi to explain the legal restraints of a set aside.

Mr. Garibaldi explained that it is the opinion of the City Attorney's Office that a department cannot specifically set aside a concession for minorities and women due to provisions in the California Constitution. He said that a concept was developed authorizing set asides for small business enterprises with the idea that they would probably constitute minority or women owned businesses. In that way we are able to try to set aside some of these concessions for minorities and still stay within the law. He said that the idea was to protect local businesses who are small business enterprises. Mr. Garibaldi said that it is the opinion of the City Attorney's Office that that is as far as we can go under the law without being subject to successful legal challenge.

Mr. Tan said that that was all he was asking and he would support the Commission's view. He thanked the Commission for using small business set asides and said that those set asides have historically gone to minorities or women.

Commissioner Goosby wondered if Mr. Dattani and Mr. Tan felt that they could bid this concession in a joint venture, run the operation and make money under the current specifications. He said that he respects staff's judgment that this particular concession might be too large as a set aside for small business but he felt that if enough small businessmen thought it was manageable then perhaps staff should reevaluate the situation. He said he was sympathetic towards making this a set aside for small business but he did not feel he had the necessary votes on the Commission.

Commissioner Tsougarakis asked if a small business joint venture was precluded for this concession lease.

Ms. Gittens responded that it was not. She said that one of the criticisms received from previous principal concessions was that the larger minority and women-owned firms were precluded from bidding because no matter who won the bid they had to subcontract out 20, 25, 30, 35 percent. She said that this is one lease where everyone can bid.

The following item was put over.

4. Luggage Carts

Commissioner Bernstein said that this item would be put over until Commissioner Fleishell's return.





Mr. Yuen reminded Commissioner Bernstein that a Commissioner had to be appointed to represent the Airport's position to the Mayor.

Commissioner Bernstein said Commissioner Fleishell will be appointed.

Commissioner Goosby suggested that the Committee might consist of both Commissioners Fleishell and Bernstein. He said that Mayor Feinstein must be reminded that this was discussed two years ago.

Commissioner Tsougarakis thought that the Los Angeles study was interesting.

5. Bid Call - Airport Contract No. 1752:

Maintenance Building Roofing Over Republic Airlines Hangar

No. 86-0193                      Resolution approving the scope, budget and schedule for Airport Contract No. 1752 and authorizing the Director of Airports to call for bids when ready.

6. Bid Call - Airport Contract No. 1753:

Emergency Underground, Hazardous Material, Storage Tanks and Removal and Related Work

No. 86-0194                      Resolution approving the scope, budget and schedule for Airport Contract No. 1753 and authorizing the Director of Airports to call for bids when ready.

The following item was unanimously adopted as amended.

7. Modification of professional Services Agreement - Steve Gregory

No. 86-0195                      Modification of agreement with Steve Gregory for further services in an amount not to exceed \$10,000.00.

Commissioner Bernstein asked for an explanation.

Commissioner Goosby wanted to know how long Mr. Gregory worked for the City. He was trying to reconcile loyalty to ones job and the City with this item. He said that Mr. Gregory has already charged the City \$20,000 to feed back to the attorneys information he picked up during the performance of his job at the Airport, and is now asking for an additional \$10,000.

Commissioner Tsougarakis argued that the cost covers his time.

Commissioner Goosby said he is disappointed in human nature when a former employee charges the City to give information to our attorneys in order to try this case. He asked if Mr. Gregory had been supervised or if another employee worked under him who would have the same information and who is still working for the City.

Mr. Garibaldi responded that Mr. Gregory was responsible for the day to day supervision of this project. He said that while there are records, the day to day conversations become important in litigation and Mr. Gregory was a participant in those conversations and directly



supervised what the contractor was doing on the job. Mr. Garibaldi said that Mr. Gregory made a lot of the decisions that ultimately resulted in the termination of the contract. He explained that the practical problem is that whether we have him on contract or not the other side can subpoena him for depositions. He said that if the other side does subpoena Mr. Gregory we would not have the opportunity to consult with him prior to the deposition unless he is on contract to the Airport.

Mr. Garibaldi told the Commission that hopefully there will not be any further requests for funds however it is a question of how much time Mr. Gregory will have to put in. He reminded the Commission that the Airport is being sued for \$1-million, and the Airport, in turn, is suing the contractor for \$1-million. He said that he believed we will win but Mr. Gregory is needed to help establish our case.

Commissioner Goosby asked where Mr. Gregory is currently working.

Mr. Garibaldi did not believe that Mr. Gregory is currently employed.

Commissioner Goosby recommended reducing the amount to \$5,000.

Commissioner Stephens seconded the motion.

The Commission unanimously approved the amended contract in the amount of \$5,000.

The following item was adopted by a 3 to 1 vote with Commissioner Tsougarakis casting the dissenting vote.

8. Tenant Improvement:  
Airport Hilton Signage Upgrade  
T-3122 - \$50,000 - No Cost to City

No. 86-0196

Commissioner Tsougarakis motioned approval of the staff recommendation to eliminate the time/temperature indicator on the sign.

Commissioner Bernstein asked Mr. Dick Groves, General Manager of the Airport Hilton, if he wished to address the Commission.

Mr. Groves introduced Mr. Bob McWirtter of the Federal Sign Company. He said that the issue before the Commission is the acceptability of the time/temperature indicator. He showed the Commission a rendering of the sign and told them that the design has been approved by the Art Commission.

Commissioner Goosby asked where this sign would be placed.

Mr. Groves showed the Commission a photo of the vertical pole sign that is currently in place and said that the new sign will reach the height of the letter "L" in that sign. Mr. Groves said that Hilton wanted to make a statement with this new sign.

Commissioner Tsougarakis said that the problem she had with the time/temperature indicator is that people entering the Airport must make a very quick decision at the throat of the entry way as to whether they will be entering the garage, the upper roadway or the lower roadway and she felt the flashing time/temperature read-out would be distracting.



Commissioner Bernstein thought that the sign was fine.

Commissioner Tsougarakis agreed that there was nothing wrong with the way the sign looked but was concerned that it would be distracting.

Mr. Groves said that the new sign will be lower, smaller in square footage and more legible.

Mr. Yuen said that Mr. Turpen was concerned that a sign changing from time to temperature would catch the eyes of people entering the Airport. He said that Mr. Turpen did not feel it was an appropriate sign for the Airport. He felt it would attract attention to the Hilton sign and be a form of advertising.

Commissioner Stephens said he liked the sign and asked for an amendment to the motion to allow for the time/temperature indicator.

The Commission, with the exception of Commissioner Tsougarakis, agreed to the time/temperature display.

Commissioner Stephens left the meeting at the call of this item and was gone for the remainder of the meeting.

The following item was amended to include the provision that Commission approval is subject to approval by the Airline Affairs Committee. The item was unanimously adopted.

9. Airline Tenant Improvements on Boarding Area 'C'  
Contract T-3134 - New Hydrant Fuel System

No. 86-0197

Resolution approving the plans and specifications and authorizing construction of a new hydrant fueling system on Boarding Area 'C' by Air California, Delta and Northwest Airlines (project budget: \$1,741,000). Resolution also authorizes reimbursement of \$614,500 maximum to Delta Airlines as the Airport's share of the project costs.

Mr. Yuen said that this item approves work for Delta Airlines in the new Boarding Area 'C'. He said that there is an agreement between the Airport and the airlines wherein the airlines pay for one final move in the reconstruction program. He said that Delta made that move when they moved from the old Central Terminal to the North Terminal. He said staff is considering this a temporary move and the Airport will therefore pick up the cost and that is why there is a reimbursement amount.

Mr. Yuen said that Mr. Paul Van Wert of United Airlines is not certain whether the Airline Affairs Committee has approved this item or not. Staff believes that the item has been approved but in order to satisfy Mr. Van Wert's concern Mr. Yuen asked the Commission to amend the approval subject to the Airline Affairs Committee's confirmation.

Commissioner Tsougarakis asked if the item could be put over.

Mr. Yuen responded that that would prevent Delta from going ahead with the project. He said that this allows Delta to go ahead without the reimbursement. He explained that there would be no reimbursement



until 1988 so we have until that time to resolve the issue.

Commissioner Tsougarakis asked what would happen if the Airline Affairs Committee votes against it.

Mr. Yuen responded that Delta would then have to pick up the entire cost.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

10. Retirement Resolution - Robert F. Green

No. 86-0198

11. Request for Approval of Travel/Training for Airports Commission Representative

No. 86-0199

\* \* \*

H. PUBLIC HEARING:

The public hearing was opened at 10:32 AM and closed at 10:34 AM, there being no comments from the audience.

12. Fiscal Year 1986/87 Rates and Charges

Public Hearing concerning the establishment of (1) terminal rental rates; and, (2) commercial and general aviation landing fees for Fiscal Year 1986/87 and beyond.

Commissioner Bernstein asked if the airlines had any comments.

Ms. Gittens responded that she sent the Commission a copy of a protest from Delta Airlines. After she received the protest she spoke with Paul Van Wert, Chairman of the Airline Affairs Committee, and was told he was puzzled by Mr. Chamberlain's letter. She said that Mr. Van Wert had been out of town for a week and had not been able to get the airlines to vote but indicated that the Airport should expect a vote of approval before the next meeting.

Commissioner Goosby commented that the landing fees were down 60% from what they were in 1981/82.

Commissioner Bernstein asked if it were possible to put the item over.

Mr. Yuen responded that this was a public hearing and no action was necessary at this time.





Ms. Gittens added that anyone having a problem will be able to address the Commission at the next meeting.

Commissioner Bernstein asked if Mr. Chamberlain had requested a postponement.

Ms. Gittens said that this is a public hearing. Since Mr. Chamberlain was unable to attend the meeting his views were submitted in writing.

Mr. Yuen said Mr. Chamberlain will have an opportunity at the next meeting to address the Commission.

The public hearing ended at 10:34 AM.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:34 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



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# SAN FRANCISCO AIRPORTS COMMISSION



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MINUTES

SEPTEMBER 16, 1986

Room 282 - City Hall

City and County of San Francisco

DIANNE FEINSTEIN, MAYOR

## COMMISSIONERS

MORRIS BERNSTEIN

President

J. EDWARD FLEISHELL

Vice-President

DR. Z.L. GOOSBY

ATHENA TSOUGARAKIS

DON RICHARDS STEPHENS

LOUIS A. TURPEN

Director of Airports

San Francisco International Airport

San Francisco, California 94128



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of the Minutes  
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Minutes  
of the  
Airports Commission Meeting

September 16, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President
	J. Edward Fleishell, Vice President
	Z.L. Goosby
	Athena Tsougarakis
	Don Richards Stephens

\* \* \*

C. ADOPTION OF MINUTES;

The minutes of the regular meeting of August 19, 1986 were adopted by order of the Commission President.

NO. 86-0200

\* \* \*

D. SPECIAL ITEM:

1. Election of Officers

Commissioner Tsougarakis nominated Commissioner Bernstein for President. Commissioner Goosby seconded the motion.

Commissioner Goosby nominated Commissioner Fleishell for Vice President. Commissioner Stephens seconded the motion.

Commissioners Bernstein and Fleishell were unanimously elected President and Vice President, respectively.

No. 86-0201

\* \* \*



E. DIRECTOR'S REPORTS:

2. Airport Police - Board of Supervisor's Memorandum of Understanding

Report on latest proposal for the re-negotiation of the Memorandum of Understanding between the City and County of San Francisco and the Airport Police Officers Association.

Mr. Turpen, Airport Director, explained that although these matters are under the exclusive jurisdiction of the Board of Supervisors, the Airport did not have the opportunity to offer any input from either a management perspective or a Commission perspective. He said that even though there was nothing in the document that concerned him it was a question of process and the fact that he believed the Commission should be able to offer its views to the Board as part of the negotiations.

Commissioner Goosby wondered why the Board did not insist on departmental input in these situations.

Mr. Turpen said that even though the Airport was involved at a lower level in the organization he felt that that level of involvement was inappropriate.

Commissioner Fleishell asked if the Board has taken action on this item.

Mr. Turpen responded that they have not, however, various elements within it have been voted on by the Board. He said that the basic agreement was voted on in 1983 and there have been several minor changes to that agreement, two of which have already been committed to and voted on by the Board. He recommended looking to the future in this matter and accepting the document that is in place.

Commissioner Tsougarakis asked how long the contract would be in effect.

Mr. Turpen responded that the proposal is for five years and the management counter proposal is for three years. He said that this is probably the only open issue.

Commissioner Bernstein asked if this had gone to the Board without Airport staff or the Commission being involved.

Mr. Turpen explained that in 1983 Milt Mares, the City negotiator, met with him to discuss a potential Police MOU. He said that Mr. Mares was provided input at that time and that was the last time the Airport heard anything about it. He said that to his surprise the MOU crossed his desk about five weeks ago. He told the Commission that he had no involvement in the current MOU and was not aware that one had been in place since 1983. He explained that contributing to the confusion in this matter was the change-over in the Board's negotiator. The new City negotiator, Marie Blits, finding an existing MOU, simply worked from that MOU and any questions she had she put to Chief Driscoll. Mr. Turpen said that Chief Driscoll, being new, was unaware that this MOU had never been before the Commission or the Director and as a result, and in good faith, simply responded to the new issues that were on the table. He said that those issues were really very minor in the overall scheme of this document.

Mr. Turpen said that since this is exclusively within the Board's jurisdiction he was not sure that the department has had as active



a role as he thinks the Commission would want. He said that he has taken steps to ensure that in the future that active role is protected for the Commission.

Commissioner Tsougarakis asked if the Commission needed to take any action.

Mr. Turpen responded no.

Commissioner Bernstein concluded that whatever the Commission did in this regard would be of no consequence.

Mr. Don Garibaldi, Airports General Counsel, responded that the Commission does not have the ability to approve the agreement but under the new procedure the Commission would have input to the negotiator on management prerogatives that the Commission might want included or negotiated on behalf of the Commission. He said that ultimately it is the Board of Supervisors that has exclusive jurisdiction over the matters included in the MOU.

Commissioner Bernstein said that having input with no authority is meaningless.

Commissioner Tsougarakis argued that if the Commission voiced strong objections it would not get very far.

Commissioner Bernstein asked if an employee within a department is unhappy with the actions of the Director, the staff or the Commission, can that employee go directly to the Board of Supervisors.

Mr. Garibaldi responded that they can on those specific issues over which the Board has jurisdiction. There are also departmental MOUs, negotiated by the department and approved by the Commission, which address working conditions in the department.

Commissioner Bernstein asked what happens if the two conflict.

Mr. Garibaldi said that a resolution would be arrived at by City Attorney opinion or court litigation.

Mr. Turpen said that it is important that the process that he wishes to put in place avoids similar situations in the future. It will allow the Commission the opportunity to express its views early on in the process and, by resolution, make those views known to the Board of Supervisors. He felt that that would, in great measure, satisfy the Commission's concerns.

Commissioner Fleishell said that the Board is of the opinion that the Airport and the Commission had input. He said he did not understand why we don't have direct input with the Board of Supervisors. He felt that if there are any qualms about any part of this agreement the Commission should not let it go by.

Mr. Turpen said that the Commission certainly is free to contact the Board if it wants.

Commissioner Goosby felt that since there are no serious objections to the agreement the Commission should not belabor the point. The Commission will have the opportunity to be involved next time.

Mr. Turpen reminded the Commission that the Airport was consulted through the Chief of Police, however, the Chief operated under the assumption that there was an existing MOU which predated him. The changes in this MOU were insignificant compared to the prior MOU. He



said that the Chief worked with Ms. Blits, the City negotiator charged by the Board to negotiate these issues. Mr. Turpen defended the Chief and said that his actions were very reasonable under the circumstances. He said that the Chief was unaware that the first MOU had never come before the Commission or Airport staff for final review and approval.

Commissioner Tsougarakis said that there was obviously a gap in communication and staff has taken action to close that gap. She said that the changes in the current MOU that are being negotiated are very minor and there is no issue.

Commissioner Bernstein argued that there is an issue. He said that one division went around the Commission to the Board of Supervisors.

Commissioner Tsougarakis said that the Commission has no choice about that.

Mr. Turpen said that under the City rules there is no obligation to go through the department. The obligation is to negotiate an MOU with the Board as a labor entity.

Mr. Turpen explained that he brought this before the Commission to make the members and staff aware of what is happening and to advise the Commission that there is now a mechanism in place which will allow input from staff and the Commission in the future. He said that there is not a lot that can be done right now and that we would not necessarily gain anything by trying. He said that a lot of energy would be expended with very little reward.

Commissioner Bernstein felt that this should be protested.

Commissioner Goosby suggested that a letter could be sent endorsing what the Director is attempting to set up.

Commissioner Bernstein agreed.

Mr. Turpen said he would send a letter to Ms. Blits, with a copy to the Clerk of the Board, confirming this arrangement.

### 3. Report on Electronic Information Services

Report on the pre-bid conference for the Electronic Information Services Lease and recommendations for future Commission action.

Mr. Turpen said that out of 16 companies who were sent pre-bid packages on the Electronic Information Services bid, two companies showed up at the conference and only one of the two, the existing provider, is capable of providing the service that we want. He recommended declaring the trial period over and allowing Teleguide to remain in operation on a month-to-month permit on the condition that they continue to develop a "You Are Here" page for the electronic information display, explaining that Teleguide's current default page says "Teleguide". Staff wants it to display a "You-Are-Here" map of that portion of the terminal to supplement the existing "You Are Here" system at the Airport. He said that staff has discussed this with the Teleguide people and were told that it is possible.

Commissioner Goosby asked how many prospective bidders were reached by telephone.





Mr. Turpen responded five or six.

Commissioner Tsougarakis asked for an reason behind the lack of revenue generation.

Ms. Angela Gittens, Deputy Director for Business and Finance, responded that it is not Teleguide's lack of revenue, it is the cost versus the revenue that they are unwilling to share with the Airport. She said that as for the general lack of interest, this field has gone through a cycle where there was a lot of enthusiasm for the technology three or four years ago but the results have been disappointing. She said that the technology has improved but the revenue generating marketability of it has not proven itself. She said it is something people like to use but companies are having trouble finding a way for people to pay for the service.

Ms. Gittens explained that they are getting the advertising revenue but it was hoped that these systems would generate point of sale purchases. The idea was that the user would see a display and order it, thus generating revenue for the company. She said that that is not the Teleguide system the Airport has but that was the basis for this technology.

Commissioner Tsougarakis concluded that they are then barely able to pay for the cost.

Ms. Gittens said that that is what they are saying.

Mr. Turpen said that at the next meeting staff will present a resolution to the Commission approving the permit.

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#### F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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#### G. PENDING LEGISLATION:

##### 4. Report on Status of Selected State Legislation

Commissioner Goosby asked Mr. Turpen if there has been any further explanation from our Sacramento lobbyist regarding missing some bills.

Mr. Turpen said no.

Commissioner Tsougarakis asked if a copy of the letter was sent to the Mayor.

Commissioners Goosby and Tsougarakis felt that it should be sent to her.

Mr. Turpen explained that because of the tone of the letter he wanted to first approach the Commission before further distribution was made.

Commissioner Tsougarakis said it was okay with her.

Commissioner Fleishell said that when he was on vacation he



discovered a critical bill and called Dennis Bouey about it.

Mr. Turpen said he will transmit the memo to the Mayor with the Commission's approval.

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#### H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

The following is a verbatim transcript of Item #5. No action was taken.

##### 5. Provision of Free Luggage Carts to Passengers in Customs

This item includes two resolutions:

1) Resolution exercising the Commission option to require Smarte Carte Inc. to provide free carts in Customs

2) Resolution approving a supplemental appropriation request to cover the City's cost for reimbursement to Smarte Carte for the free carts.

Commissioner Tsougarakis: I support, as a good Commissioner, support the Mayor's desires so I move the staff recommendation with the proviso that we follow with our previous decision to call on the Mayor on this issue as a Commission, or a couple of our members. And, I move it.

Commissioner Goosby: Well, I formalize what she just stated but I would formalize it in language that "...provided a meeting is held with the Mayor by a two-person committee consisting of Fleishell and Tsougarakis, to review with her the reasons for the previous action of the Commission, or inaction, and the implication of the Airline Affairs Committee letter to us as of last week." The implications of that letter. What's the name of that organization?

Lou Turpen: The San Francisco Airline Airport Affairs Committee.

Commissioner Goosby: That Committee's letter. To review the implications and the impact and so forth. Then, dependent upon that conversation and meeting, then we approve it.

Commissioner Bernstein: Before we proceed, Mr. Chamberlin is here from Delta Airlines and perhaps he would like to say something. Jim.

Commissioner Tsougarakis: We do have a motion and a second on the floor.

Mr. Chamberlin: Mr. Bernstein, members of the Airports Commissions, thank you for the opportunity to be heard on this. I'm James A. Chamberlin, I'm a regional manager of properties for Delta Airlines and I'm speaking today also for Qantas, US Air, PSA, American and Braniff, with their specific approval, not necessarily my comments



but in my opposition to the resolution that's before you.

We're opposed to this for a number of reasons, that change is now available in the International area which had been a problem in years past and also the provider of the carts has arranged to have a free cart for anybody who is unable to pay, at least that's my understanding of that. Carts taken out of this area will be a problem to retrieve. They'll either be done so at your cost or ours in some manner. We don't know exactly how it would work but they might be reused which will then take the revenue out of the concession we have today.

We had mentioned to you last year that the provision of free carts in the International area will lead immediately to a demand for them throughout the Airport and if the numbers that we've seen, somewhere around \$750,000, are right for carts in the International area I shudder to think what it will be if it was throughout the Airport. We don't know of any complaints from passengers for free carts or complaints that they are not free carts. There is not a domestic airport, not an airport in the United States that we know of that has free carts and I just read an article yesterday in USA Today that rated airports on the good side and the bad side. Seven out of the first eight on the good side where international airports, none of them with free carts. And, last but not least, the airline community is unanimous in their opposition to this proposal, including the international carriers. Thank you very much.

Commissioner Stephens: Is your opposition based on economic?

Mr. Chamberlin: Partly so, yes sir.

Commissioner Stephens: Is it anything beyond the fact that this might cost the Airport more which would lessen its revenue base? I'm a fairly new Commissioner so maybe I missed it. I can't understand why all those great big airlines are against free carts.

Mr. Chamberlin: Well, it won't put us in the black, Mr. Stephens, but it might help. But to give you a direct answer, there are two reasons, one, it will take revenues out of the Airport and it will cost something to provide the free carts. So we get hit on the expense side and lack of revenue on the other side.

Commissioner Goosby: Which, eventually you figure will effect your landing fees or rent or something else.

Mr. Chamberlin: Yes sir, it would, Dr. Goosby. We have looked at this and I guess two out of the last three years...in any event we've been through this a number of times and we've felt that the matter had been resolved and that we had made the point, both from a standpoint of cost, loss of revenue and the problem of if the carts are left without a recovery charge or recovery reward that somebody is going to have to pick them up and they won't be picked up necessarily the minute they are left, so we'll have to move them out of our way or out of our customers way so it does have a physical problem as well as a financial one.



Commissioner Stephens: Maybe I've missed something here. My understanding of what it is that we're talking about now is something that will cost the City \$500,000 to provide the free carts. Is that it? Other than that the cart system won't change.

Mr. Turpen: That is.

Commissioner Stephens: In other words, what would otherwise...we estimated that the usage of these carts would be 470,000 carts between now and June and we're going to pay, whoever, Smarte Carte or whoever it is, \$1.00 a cart instead of the passenger paying. That's the only change.

Mr. Turpen: We will pay the passenger's \$1.00, that is correct.

Commissioner Stephens: We're talking about a difference in the overall size of the Airport and our revenues for the year of \$500,000.

Mr. Turpen: First thing, the revenue to the Airport will remain the same or, in fact, increase because more carts actually will be rented under the free cart system, if you will, then were under the pay cart system. So Airport revenues, and how much do we derive from Smarte Carte in a year, about \$90,000 a year is the Airport income from a cart operation. We expect that to remain the same and possibly increase slightly.

Commissioner Stephens: But that's our own money in this case because we're giving them \$500,000 and they're giving us \$90,000 back.

Mr. Turpen: That's right. So we would net out of the \$500,000, which is on the expense side, about 7-1/2% on the dollar or about 7-1/2 percent on the expense side is what we would net back to us based on our 10 percent of concession revenue fee that we charge them. So, the bottom line is I guess we'd be talking roughly five to 10 percent off the \$470,000 figure as what the real expense outflow would be for this program.

Mr. Chamberlin: Maybe I missed something in this but the \$500,000 that you would pay Smarte Carte for the use of international passengers, that would come out of your operating budget?

Ms. Gittens: Yes.

Mr. Chamberlin: So then it is a cost back to the airlines...

Mr. Turpen: Correct.

Mr. Chamberlin: ...in a rental...

Commissioner Goosby: It's \$500,000 for nine months, it's closer to \$1-million for a full year.





Mr. Turpen: I'd have to think about what the cart...\$750,000 for a year possibly.

Commissioner Stephens: \$750,000 less the \$90,000 we get back so say \$660,000.

Mr. Turpen: Well, let me explain how this works. We are paying Smarte Carte \$1.00 for the cart. Actually, what we're doing is paying Smarte Carte 75¢ and we're throwing in a 25¢ reward which is going to go back to the passenger or whoever returns the cart so Smarte Carte is getting 75¢. There obligation to the Airports Commission is to pay 10 percent of gross or 7-1/2¢ on that 75¢ to us. So we get 7-1/2¢ a cart, whatever the numbers are so just adjust by 7-1/2 percent.

Commissioner Stephens: So then there is a retrieval mechanism. You were addressing yourself to retrieval problems.

Mr. Chamberlin: I was not aware of that but it brings up another point Mr. Stephens, that is you're giving a passenger a free cart, in fact, you're paying him 25¢ to use the cart because that 25¢ comes back from somebody out there. It doesn't seem to be a very efficient operation to me.

Mr. Turpen: I think, for Commissioner Stephens benefit, we wrestled with all kinds of wonderful systems of free carts at the Airport. We talked about changing the cart design and putting different carts in customs and then winding up with two cart systems at the Airport. What we thought and what we tested a year ago was providing \$1.00 for a cart, maintaining a fully compatible and integrated cart system at the Airport, providing a cart system which would allow people to take the cart out of customs to the garage, if that's where their car was, to the curbside. Many airports, especially certain airports with free carts in customs, New York most notably, will not allow you to take that cart out to the curbside or over to the garage or anywhere else and we felt it was more of a service. We didn't see it as a service to allow somebody to use a cart for 40 feet and then have them lug their bags another 70, 80 or 200 feet.

Commissioner Stephens: What were you proposing now? How far can they take their cart? Past customs?

Mr. Turpen: They can take the cart anywhere they want. They can load it up at the carousel and they can take it anywhere on San Francisco International Airport. And the retrieval mechanism, in looking at it the last time around, we felt frankly that it was cheaper to offer the 25¢ as opposed to hiring people and running around and trying to retrieve the carts, it was more economical. Operationally we felt it was the best solution, economically we felt it was the least expensive of a number of them.

Commissioner Goosby: They're not going to bring it back for 25¢.

Commissioner Stephens: That's my feeling.



Mr. Turpen: But somebody will return the carts not to customs...

Commissioner Goosby: The kids that we're trying to kick off the Airport.

Mr. Turpen: No, someone will return the carts and then what happens is the carts are in dispensers and it's easier to retrieve them. One of the big problems Smarte Carte had, and they can speak to this far better than I can, is keeping enough carts in the customs area because of the high volume usage. We had to retrieve carts from all over the Airport and get them back into customs on a much more frequent basis than under this program because the useage is 25 to 50 percent higher.

Commissioner Goosby: Smarte Carte now retrieves them; that's part of their responsibility. And they have a responsibility to retrieve these free carts for \$1.00.

Mr. Turpen: They have a responsibility to maintain sufficient carts in the customs arrival area to meet the demand and they have done that.

Commissioner Goosby: And to retrieve those that are scattered out on the Airport. If they do retrieve the carts and return them I would imagine...there is a certain benefit for them retrieving doesn't find its way into the passengers hand then.

Commissioner Stephens: Also, if we had enact this and we find out its cumbersome to allow the people to take it all the way through customs and all the way out to the curb or garage there's nothing in what we're doing that prevents us from changing that, right.

Mr. Turpen: It doesn't, but I will assure you, Commissioner, that that has not been a problem. Taking the carts anywhere on the Airport has not been a problem, as a matter of fact that's been a very great asset because we avoid a bottleneck at one place when you cause people to give up the carts.

Mr. Chamberlin: I have a couple of questions. Lou, I was not aware that New York had free carts. I thought...

Mr. Turpen: In customs only. You can't get them beyond customs so what you have to do is cough them up when you get to the door. Like the old Honolulu system. Remember you had to give them up?

Mr. Chamberlin: But they've done away with that because of problems with it and cost. We are very much opposed to this and as I pointed out, and I think we did last year, that we're not hearing from our customers...I'm not an international carrier here...but we're not hearing from our customers that they have a problem with the present system so we're somewhat at a loss to understand why it keeps coming back before you.



Commissioner Goosby: The Mayor requested it, to be honest.

Mr. Chamberlin: It's a good reason but it doesn't mean necessarily that that ought to be done.

Commissioner Goosby: I think that in view of the letter that Van Wert wrote...I don't know whether he's going to address the legal implications and Garibaldi, whether he has any comments on that, but I'm very anxious that that be discussed with the Mayor before this is fully implemented and we add it to that amendment.

Mr. Chamberlain: Thank you for the opportunity to speak.

Mr. Turpen: Thanks Jim.

Commissioner Bernstein: Mr. Paul Van Wert, United Airlines.

Mr. Van Wert: Congratulations on your reelection, Mr. President.

You've seen my letter. You've heard from Mr. Chamberlin. I hope you've seen my letter. You've heard from Mr. Chamberlin so I'll try and touch on some other aspects of this that are bothering the airline community. I'm not only hear speaking on behalf of United Airlines but I'm speaking in my capacity of chairman of the Airline Airport Affairs Committee.

We see this as a very small problem. Every airport in the U.S. has studied this to death and they've all gone to pay carts. What have you got? A million and a half people entering as international arriving passengers here every year. Ninety-nine percent of them are not concerned about this issue. Half of them don't want a cart or don't need a cart. Ninety-eight percent of the other ones know this is standard operating procedure. They have their American money, they get the cart so we're talking about a very small problem concerning a very few people and we think that the solution that is proposed to deal with the smallness of this problem is way too costly. You're killing an ant with an elephant, as the old saying goes, and if the City is bent on having free carts I think some more thought ought to go into possibly how this could be arranged. Over the next few years, we're talking under the system that's being proposed we're talking about \$750,000 on a full years budget. I'd like to point out for Mr. Stephens benefit, if he would allow me to, that that \$750,000 Mr. Stephens, under the Airport's accounting system will paid for entirely by the airlines, as I pointed out in my letter. That \$750,000 will go into the calculation of our rental and we will pay the entire amount of money. And, as you start looking ahead next year and the year beyond that you're talking about millions of dollars to solve a very small problem.

The other thing is the curiosity about the disservice to the passenger. The passenger gets off the airplane, and now that United has acquired Pan Am I am doing some international traveling...the Pacific division of Pan Am I should say...so I've had a little personal experience with what it's like to deplane internationally. You get off the airplane and money is required for quite a few things when you get off the airplane. You might need it for a cart, you may not. You have porters to tip. At San Francisco Airport as soon as you leave customs you're involved with tipping a porter, you're



involved with paying for ground transportation, you're involved with paying for parking. The passenger expects to pay for goods and services that he uses when he arrives at the Airport. The logic of segregating this particular service as something that ought to be offered free to the passenger doesn't really add up, I don't think, when you go through the experience of being an international arriving passenger. I guess it's appeared in the press and the Mayor wrote us a letter last year about the City's image. I don't know how the City's image has improved by a give away program. There's nothing charming, there's nothing sophisticated, there's nothing uptown about giving somebody something. I think people expect to pay for this and are glad to do so. If we are going to have free carts I think the airlines, if we are going to consider free carts, I know there may be some circumstances under which they could be provided on a limited basis or otherwise in the international facility and we feel that this issue needs more exploration. We used to have free carts in the International Terminal here at the Airport. It was a condition of the concessionaire contract that they be provided. Somehow that got lost in the shuffle. Possibly a renegotiation of the concessionaires contract could provide some sort of free cart service in the international area.

Another solution that has occurred to us is if we're dealing with a very small number of people, which we believe we are, that possibly there's another way to approach the problem. I'm just calling to call it, for a lack of a better name, a "Welcome to San Francisco Desk" in the international facility where a deplaning passenger can go for information, an Airport brochure, put right adjacent to or on the Smarte Carte dispenser that if you need assistance in getting a cart go to the City Welcome Reception Desk, which will be in a highly visible area. I would much rather see the City, the airlines would much rather see the City do something productive rather...find a productive solution by doing something like a Welcome Desk...the staffing cost of a Welcome Desk...\$50,000 - \$75,000 a year...peanuts compared to this solution and it might be able to provide...  
(interrupted by Commissioner Goosby)

Commissioner Goosby: ...inaudible remarks...

Mr. Van Wert: Yes, I understand that but I think the City and possibly the Mayor, if she's concerned about this issue, could take more direct credit for seeing that those free carts are provided to the exceptions.

Thank you very much.

Commissioner Bernstein: Mr. Merton of Japan Airlines wanted to be recognized but did not want to say anything. Is that correct?

Mr. Merton: That's correct. I just want to reiterate what Paul and Jim have said.

Commissioner Bernstein: Glen Smith of Smarte Carte.

Mr. Smith: Good morning Commissioners. I'll make my remarks very brief. I would to underscore the number of carts that would rented. During the course of a year we expect it would be approximately 720,000 in the customs area in the period of one year with the free







service. If I might just move over to a couple of other points that have been mentioned here. I recently had a meeting with Mr. Bob Aronson of the Port Authority of New Jersey and New York. As a matter of fact the meeting was last week and he reiterated the desire of all the people in the Port Authority to have rental carts at JFK at the earliest possible time. We are in the process of negotiating that matter right now and in his words we expect to have that matter resolved by the middle of 1987.

I would like to make one other point and that is during the month of August I spent three weeks traveling to 14 or 15 airports and saw a number of rental cart services in operation, in fact four of them, and in a discussion with Mr. David Cumming of Heathrow in London, once they become a private organization in the Spring of 1987, expect to review what they call trolley service over there for its extensive costs. They have done some audits and find that the service run internally to be very expensive and feel that they will move in the direction of a rental trolley service in the future.

Thank you very much. Are there any questions?

Commissioner Bernstein: Anything? Thank you.

Commissioner Goosby: I just wondered...until we have that conversation with the Mayor I'm a little reluctant to vote for this. I know I amended it to include...it's logical to have the meeting first with her and then bring it back to the Commission to vote on it. If the Commission can let that stay before them and then have the meeting and then at the next meeting vote on it it would make more sense to me. I would feel more comfortable voting for it. At this point, pending that meeting, because I think we're going in the face of custom, we're going in the face of logic, we're going in the face of our own history and I just feel that I can't vote for this until I've had this meeting to try to convince the powers that be that we are going in the face of all of this. If I can't convince the powers that be then I might go ahead and vote for it. I have difficulty... I'm going to vote no on it or request that the Commission keep it before us.

Commissioner Stephens: It seems to me we've talked about it several times. It's going to take quite a bit of time to implement it and get it approved through the Board of Supervisors. If something came up that would make us change our minds as we went along I don't see any reason that we couldn't reverse ourselves. I'd just as soon, since we've talked about, I'd just as soon see us act on it.

Commissioner Fleishell: I'm not sure what we're acting on. Are we going to reverse our earlier decision to disapprove the design of the cart?

Commissioner Stephens: No.

Mr. Turpen: That's a separate issue.

Commissioner Stephens: All we're talking about is the free cart issue.



Commissioner Fleishell: My only comment about the free cart issue... the way it's put together by staff it's about five times more costly than if we did it ourselves. You can take 300 carts at \$100 a piece is \$30,000. You can hire four people, three shifts a day, eight people, it's a lot less money than this. I think there are better ways of doing it. I have advocated free carts since the day I got on this Commission. When I got on this Commission there were no carts in customs. I'm in favor of it but I find it hard to swallow this kind money to do a simple job. There's got to be a better way. We originally thought we had solved it when the Commission had voted on the Smarte Carte contract it was to provide carts in an amount to be determined by the Director. The contract was written up for 30 carts. This Commission has never voted on that. I suggested some years ago we file a suit to reform that contract to conform with what the Commission, in fact, voted on but nothing ever happened so here we are faced with the same problems again. We'd have had the carts for free. The way to handle this, of course, is to put out a new bid and that's why I'd like to see us move ahead to cancel the existing contract, put out a new bid requiring the provision of free carts in the customs area and obviously somebody's going to be for it but at least...(changed the tape)

...so it topples over if you overload it. Well, you can overload it very easily and that's why I've fought for an L-shaped cart and we voted on it three times and we keep coming back to it again.

Mr. Turpen: I think, for the Commission's benefit, there are two issues working here. First of all, the mayor had made a request if the Commission elects not to put this item or to move forward with this item, it would be my recommendation, having talked to her when I returned from my vacation, that the Commission move very quickly to sit down with her and discuss the matter. It was her expectation that this matter would be acted on early on, if you will, in August and when I came back she asked me what the status was and I shared with her the status. It is her expectation the Commission would move today, in fairness the Commission is obviously free to act in whichever direction it wants, I would only suggest that the Mayor be advised immediately and consulted on this. Number two, if we get into a cart design change with respect to provision of free carts in customs I don't expect that if the Commission decides to go forward with free carts, I don't expect that that will be accomplished in the near future. If we get into a rebid, if we get into a renegotiation, or whatever, I think that's going to take time and will further delay this action. I will call the Commission's attention to the fact that the environment was not replete with bidders when we last bid this contract in 1985...I believe it was 1985 for five years...I believe ...how many people bid on it?

Commissioner Tsougarakis: One.

Mr. Turpen: One. As I said, we are in a position, candidly, where if we want to move ahead with the free carts we are confined to a certain course of action. If we are not prepared to move ahead with that right now then obviously there's time for the Commission to do some other things. And those are my only comments on the matter. I would be happy to do whatever the Commission would like me to do.

Commissioner Tsougarakis: I move the question.



Commissioner Bernstein: Would you like to comment on it?

Commissioner Tsougarakis: No, I'm satisfied. I believe in the Golden Rule... He who has the gold rules. And the Mayor's basically our boss and she said "I want free carts" so whether or not...but I do think it's necessary for us to sit down face to face, which we have not done...(interrupted by Commissioner Goosby)

Commissioner Goosby: That's in the motion.

Commissioner Tsougarakis: ...and I agree with Commissioner Stephens that it takes a long time for the process to get through everybody so we do have time to talk to the Mayor and reverse our decision in case we choose to. But I am stating here and now that I am voting for it because I think the Mayor has always indicated that she wants the City to stand together on her policies and that's what we're doing here.

Commissioner Fleishell: I certainly support free carts but i don't want to vote for something that ties us into doing business with Smarte Cartes and that's what this resolution does. There may be a better way to do it.

Commissioner Tsougarakis: Well, they're the contractor of record and in my opinion we don't have any choice at the moment.

Commissioner Fleishell: We really do. You get on the phone and order 300 carts and do a work order an be in business within two weeks.

Commissioner Tsougarakis: We're an airport not a concession.

Commissioner Fleishell: We're also an art gallery. We're a number of things.

Mr. Turpen: Well, let me say a couple of things about that. First of all I don't now, contractually, whether or not Smarte Carte has the rights to the international area. I believe their contract gives them those rights.

Commissioner Fleishell: Can I stop you there, Lou. We went into this eight months ago. Morrison and Foerster said that they do not have the right to it.

Mr. Turpen: All I can tell you Commissioner is that they are operating under a contract and you'd have to talk to the City Attorney about the legal aspects of it. I am not qualified to comment on those. We are presently under a contract. The contract does include the customs areas but we are not talking about 300 carts. Their minimum requirement is 400 carts and if we go to free carts we'll require even more so we are going to have to buy substantially more than 300 carts.



Commissioner Tsougarakis: Then we have a capital outlay in addition.

Commissioner Fleishell: Well, I don't want to get into that but we have a resolution where you're asking us to vote a deal with Smarte Carte when you are right now in a period where they are in breach of their contract.

Mr. Turpen: For a period of five years we have come up with thousands of different alternatives of how to deal with carts, Commissioner, and we've gone through the buy our own carts, staff it up ourselves, have our people collect, and the decision was made that we really didn't want to go in-house with this. That's why we went this way. We went through a test program a year ago with respect to paying Smarte Carte, or in other words giving each passenger, theoretically \$1.00 for a cart so they would be free to the passengers. It's my recommendation that financially and operationally this is the cleanest and best way to go. The minute you introduce a dual cart system at the Airport you face the spectre of trying to keep those cart systems separated, of trying to retrieve the carts. If you start confining to customs you defeat the whole purpose of what you're trying to accomplish because the last you want to accomplish is to have people give up the cart 40 feet after they get it. So, all in all, I think to introduce that concept simply confuses the issues. The issue before us, as I see it, is whether or not we will pursue this as quickly as possible. If the Commission's decision, and it's fine if the Commission's is no, we don't want to pursue it in this matter, we want to go back to the drawing board and come up with a better way to do it, we're happy to do that, but I'm not sure that's exactly where we are at this point.

Commissioner Tsougarakis: I'd like to point out too that if we were to get into the business ourselves we could not do it unless we took over the whole Airport. We could not just do it in customs, it would be impossible and extremely costly.

Commissioner Fleishell: I hate to see ourselves commit to deal with a company that presently is in breach of their agreement with us by having not provided an L-shaped cart. It doesn't make sense to tie ourselves to a company that may well not have a contract with the Airport. It's unbelievable.

Mr. Turpen: Can the City Attorney be helpful?

Commissioner Goosby: What's the parliamentary procedure of holding a resolution in abeyance pending a meeting with the Mayor?

Mr. Garibaldi: By motion of the Commission you just vote to keep it on the calendar and put it on for the next meeting. Put it over to the next meeting.

Commissioner Tsougarakis: I would say let's go for it with the proviso that we meet with the Mayor.

Commissioner Fleishell: Well, I'd be happy if we just amend it by adding a further resolution clause "...or in such other manner as





shall be determined by the Director". That is not committing ourselves just to deal with Smarte Carte because there may well be other options.

Commissioner Bernstein: Are there any objections to that?

Mr. Turpen: Yes sir. This is a minor point, I agree with Mr. Van Wert, but it has become a major issue. Whatever system we put in I would want the Commission to clearly understand and to frankly to direct staff to put in. I simply, as a Director, want to make that decision to depart from it.

Commissioner Goosby: Well, his motion would do that. In other words he directs you to look at other possibilities and come back to the Commission.

Commissioner Stephens: In other words you don't have to be left to the decision on your own. I'd go along with that.

Commissioner Fleishell: Sure.

Commissioner Stephens: Commissioner Tsougarakis, would you accept that amendment.

Commissioner Tsougarakis: Sure.

Commissioner Stephens: Sure.

Mr. Turpen: I don't understand what it is.

Commissioner Stephens: To use such other method as may be determined by staff and approved by the Commission. It leaves an out if we decide not to deal with Smarte Carte if we're not bound to them. If we're bound to them and we have a contract then obviously we're bound to them. I think Commissioner Fleishell's feeling, and I agree, is that we don't want to do something today thinking that all we're doing is getting free carts and finding out that that establishes that we have a valid contract with Smarte Carte when we may, in fact, not have. Is that it?

Commissioner Fleishell: Exactly. And then your next item on the agenda does exactly that. If you approve their design you waive the breach.

Mr. Turpen: As I said, it's a legal issue and I'm neutral on it.

Commissioner Goosby: The motion has been amended once with this proviso about the meeting with the Mayor; two, with Mr. Fleishell's thing that the staff come and look at other possibilities. And, I would just like to offer one other one, if the Commission would agree, that this meeting with the Mayor be held before the next



Commission meeting so that it is not next December by the time we get this meeting. Before the next Commission meeting this meeting with the Mayor by the two noted individuals be held and then I'll vote for it. And I hope the airlines approach the proper office, too, as they approached us about their concerns.

Commissioner Bernstein: Can we amend that, Don and vote on it now?

Mr. Garibaldi: Sure.

The vote was unanimous.

Commissioner Tsougarakis: I want to ask a question. Is the \$500,000 resolution involved in this or is that separate.

Mr. Turpen: I don't know. There's a little confusion on my part, Counselor. Do we go forward with the...

Mr. Garibaldi: No, they adopted this resolution.

Mr. Turpen: All right.

Commissioner Tsougarakis: Do we still have to vote on the \$500,000?

Mr. Garibaldi: Not until you have your meeting with the Mayor and decide to do this.

The following item was put over.

6. Smarte Carte Request for Reconsideration of Cart Design

Commissioner Stephens said that some questions have come up about the ability to obtain insurance. He asked that the item be put over to the next meeting.

Commissioners Goosby and Bernstein agreed with Commissioner Stephens.

The following item was unanimously adopted.

7. Adoption of Fiscal Year 1986/87 Rates and Charges

No. 86-0203

Resolution authorizing the establishment of (1) terminal rental rates and (2) commercial and general aviation landing fee rates for Fiscal Year 1985/86 and beyond.



The following item was put over.

8. Authorization to Bid:  
International Terminal and South Terminal Shoeshine Leases

Resolution approving leasehold specifications and authorizing Director to receive bids for:

- 1) International Terminal Shoeshine Lease
- 2) South Terminal Shoeshine Lease

Mr. Turpen said that paragraph two of his summary in his September 8 memo to the Commission indicates that language has been incorporated in each lease that requires the Director's approval of all subcontracting, subleasing or employment agreements and he feels that will satisfy the Commission's prior concern.

Commissioner Goosby asked if a performance bond was being required.

Ms. Gittens responded that a performance bond was being required.

Commissioner Goosby asked if it is customary for the performance bond to be about 50 percent of the anticipated annual rent.

Ms. Gittens said it is.

Commissioner Goosby said he was a member of an organization involved with the Board of Supervisors and the Human Rights Commission to determine if these bid bonds and performance bonds can facilitate small/local/women businesses in the City. He asked Commissioner Bernstein if it is customary to require a performance bond from a subtenant in commercial operations.

Commissioner Bernstein said that it is customary. He said that the performance bond for this concession is ridiculous.

Mr. Turpen said that it can be lowered if the Commission wishes.

Ms. Gittens commented that it was lowered last year after a similar discussion and told the Commission that the winning bidder defaulted.

Commissioner Goosby asked if the Baggage Storage concession that is being terminated had a performance bond.

Ms. Gittens said it did. She said that when the Commission reaches that item on the calendar, staff will recommend that the performance bond be returned to the Baggage Storage concessionaire. She said that he will forfeit the performance bond if the Commission does not agree with the staff recommendation.

Commissioner Bernstein asked Mr. Walter Caplan if he wished to address the Commission.

Mr. Caplan, attorney for A Step Up, said that this is the third time he has come before the Commission regarding the South Terminal Shoeshine lease. He said that his client has been shining shoes at the Airport for more than 10 years. His client bid once, unsuccessfully, on the North Terminal lease and the first time he bid on the South Terminal lease he was the number two bidder. At that time he raised issues about the adequacy of the bid process and the Commission cancelled the process and put it out to bid again. He said that after the second bid process a year ago his client was the number two bidder again. He said he again approached the Commission



and raised the issue of the question as to whether or not the high bidder was a qualified, responsible bidder.

Mr. Caplan said that all of the information presented to the Commission and documents currently on file at the Airport pointed to the fact that Airport staff should have determined that the high bidder was not a qualified, responsible bidder. He said that the high bidder was delinquent in his payments to the Airport on other leases and was not providing the required services. He said that the issue of whether or not he was qualified had nothing to do with the bid amount.

Mr. Caplan said that Commissioner Goosby had asked a question about performance bonds and bid bonds. He said that the Airports Commission, through a policy devised by staff, requires a performance bond of half of the bid. In order to bid on this lease staff is recommending a bid bond of \$12,500 as opposed to the \$5,000 that was required in the two previous bid procedures. He said that this is supposed to be an opportunity for small businesses to provide a service at the Airport. He felt that requiring \$12,500 merely to bid was an onerous requirement and since \$5,000 was sufficient the first and second times it should be sufficient this time. He said that his client had to come up with \$5,000 which was held by the Airport without interest.

Commissioner Stephens asked Mr. Caplan if the performance bond was acceptable.

Mr. Caplan responded that it was. He said that the other issue is that due to the failure of the first two bidders to perform, staff requested a provision that requires the operator to spend a minimum of 10 hours on-site in the personal management and operation of the business. He said he suggested at the pre-bid conference that since this is a service business it might be in the best interest of the Commission to require the operator to actually provide the service himself for a minimum number of hours a week.

Mr. Caplan said that four of the five people at the pre-bid conference supported the \$5,000 amount and there was discussion as to whether or not the service should be personally provided by the bidder.

Commissioner Stephens said that Mr. Caplan's suggestions sounded reasonable and asked if there was any reason why they shouldn't be included.

Commissioner Goosby agreed.

Mr. Garibaldi said there was no reason why they could not be included.

Ms. Gittens told the Commission that there is a requirement of 20 hours of on-site presence of the owner in the subleases for the principal concession. She said that the issue here is that the Commission would be requiring the owner to shine shoes. She explained that staff is recommending that the 10 hours could be in the operation or management of the facility. She argued that the owner of a sublease is required to be on-site for 20 hours but is not required to be a cashier during that time so she did not think it would be fair to require the shoeshine operator to shine shoes for 10 hours a week. She reminded the Commission that the South Terminal has three locations and supervision is sometimes a problem.

Commissioner Stephens said he wanted to avoid a situation where the





operator of the concession has an office on Montgomery Street, collects rent from employees and then writes a check. He wanted the operator to actually run this small business.

Ms. Gittens said that that is why the 10 hours is being required. She said the owner is also being required to submit whatever employee documents there are, whether they are subcontracting documents or employment documents, to the Airport for review so that staff can determine what the relationship is.

Commissioner Fleishell said that several months ago he raised the issue that a class of servants is being created at the Airport who have no protection under the law. He said that these people are not independent contractors, they are employees. He felt that the Airport should require that the operator hire and not create phony independent contractor relationships. He said that the operator ends up avoiding the responsibilities of being an employer as well as avoiding paying withholding taxes.

Commissioner Tsougarakis asked if there were any liability issues.

Commissioner Stephens responded that there would be no liability issues for the Airport on withholding taxes but there might be for workmen's compensation.

Mr. Caplan argued that this business, unlike most other small businesses at the Airport, provides a service and can best be accomplished by requiring that the operator be on the premises and personally provide that service for part of the time.

Commissioner Goosby said that the amount was reduced to \$5,000 and 10 hours a week.

Commissioner Fleishell added that they must be employees rather than independent contractors.

Commissioner Goosby said that that would be looked into. He said he has talked to the shoeshine operators over the years and he is not so sure that that stipulation should be added without it first being discussed in a pre-bid conference. He said that the only way some of these people can make it is to have those individuals shining shoes pay a commission. He said that that amendment would radically change the specifications and he felt that another pre-bid conference should be held to discuss this issue.

Commissioner Stephens recommended reducing the amount to \$5,000 and requiring the 10 hours a week and suggested that the bidding requirements be set up in such a way that the Airport is not creating additional liability for itself. He said he does not want it bid in such a way that the bidder is exposed to excess liability by having independent contractors who aren't independent contractors.

Mr. Caplan asked if the operator would be required to provide the service for 10 hours.

Commissioner Goosby responded that he would not. Whatever the operator wants to do is his business as long as he is on-site.

Mr. Turpen suggested putting the item over and staff will present the Commission with an amended resolution at the next Commission meeting, thus avoiding confusion.

The Commission agreed.



The following item was unanimously adopted.

9. Authorization to Bid:  
Barber/Beauty Salon Lease

No. 86-0204

Resolution approving the lease specifications and authorizing the Director to invite bids for the Barber/Beauty Salon Lease.

10. Lease of Full Service Baggage Storage Concession/Termination of Lease

No. 86-0205

Resolution terminating Lease of Full Service Baggage Storage Concession (Resolution No. 86-0076) issued to Travel Central, Inc.

Commissioner Goosby said staff is requesting that the performance bond be returned to the concessionaire.

Ms. Gittens said that was correct. She said staff checked with insurance companies and with Keith Grand, the City's risk manager, on the difficulty of obtaining insurance for such an operation and such an enterprise. She said that Mr. Fong is a small business enterprise and new to this business. She said that Keith Grand told her that he was not the least bit surprised that insurance companies would not be willing to take this kind of risk for liability insurance for baggage storage at an airport for a new, small business. She said Mr. Grand even made some calls himself.

11. Lease of Cigarette Vending Machines in the International Terminal at San Francisco International Airport

No. 86-0206

Authorization to receive bids for the Lease of Cigarette Vending Machines in the International Terminal Building at San Francisco International Airport.

12. Award of Airport Contract No. 1639:  
Police Substation Offices, 2nd Floor, North Connector

No. 86-0207

Resolution awarding Contract No. 1639 to Angotti and Reilly/T.E. Joo, a joint venture, in the amount of \$271,000.

Four bids were received on August 13, 1986 ranging from \$271,000 to \$328,000.

Commissioner Bernstein asked how many feet this included.

Mr. Dennis Bouey, Deputy Director for Facilities, Operations and Maintenance, responded that the area is slightly over 3,300 square feet and will cost about \$82.00 a square foot. He said that this is not like other alterations as it includes bullet proof glass, special cabinets for guns, and the construction of a jail cell. He felt that for what is being included it is a very fair quote.



Commissioner Bernstein quoted Mr. Bouey the latest costs in new construction from the Bank of American at \$40.00 a foot.

Mr. Bouey took the brochure and noted that the quote was for a \$70,000 home in San Francisco.

\* \* \*

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

13. Type II Modifications for Two South Terminal Complex Construction Contracts

Contract modification to provide additional work for unforeseen conditions, deficiencies in the plans and specifications, and design changes.

No. 86-0208

Contract 1410ABCD - South Terminal Renovation - Phase I - \$ 9,809.45

No. 86-0209

Contract 1414AB - Boarding Area B - Renovation - \$54,779.00

14. Resolution Approving the Art Commission's Purchase of Sculpture by Manuel Neri at a Cost of \$60,000

No. 86-0210

The purchase was approved by Airports Commission at its meeting on August 19, 1986, as a Commissioner initiated item. Formal adoption of resolution is required to reconfirm action.

15. Request for Approval of Travel/Training for Airports Commission Representatives

No. 86-0211

\* \* \*

J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

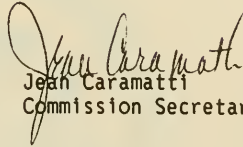
There was no closed session.



\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:20 AM.

  
Jean Caramatti  
Commission Secretary





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# **SAN FRANCISCO AIRPORTS COMMISSION**



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**M I N U T E S**

SEPTEMBER 23, 1986  
SPECIAL MEETING

**Room 282 - City Hall**

**City and County of San Francisco**

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**  
President

**J. EDWARD FLEISHELL**  
Vice-President

**DR. Z.L. GOOSBY**  
**ATHENA TSOUGARAKIS**  
**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**  
Director of Airports

**San Francisco International Airport**  
**San Francisco, California 94128**



Index  
of the Minutes  
Airports Commission

September 23, 1986  
Special Meeting

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B.		ROLL CALL:		2
C.		ITEMS INITIATED BY COMMISSIONERS:		2
D.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Provision of Free Luggage Carts to Passengers in Customs		
		- Commission option to require Smarte Carte to provide free carts in Customs	86-0212	2-3
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Minutes  
of the  
Airports Commission Meeting

September 23, 1986  
Special Meeting

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 8:10 AM in Room 300 of the Department of Public Health, 101 Grove Street, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

Absent: Don Richards Stephens

\* \* \*

C. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

D. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was unanimously adopted.

1. Provision of Free Luggage Carts to Passengers in Customs .

This item includes two resolutions:

- |             |  |
|-------------|--|
| NO. 86-0212 | (1) Resolution exercising the Commission option to require Smarte Carte Inc. to provide free carts in Customs;                               |
| No. 86-0213 | (2) Resolution approving a supplemental appropriation request to cover the City's cost for reimbursement to Smarte Carte for the free carts. |



Commissioner Goosby asked what amendments were made at the last Commission meeting.

Mr. Lou Turpen, Airport Director, responded that one amendment required that a meeting be held between members of the Commission and the Mayor before the next regular Commission meeting. The second amendment required that other alternatives be looked at.

Mr. Turpen said that the resolution before the Commission, which was considered at the last Commission meeting, directs staff to implement that portion of the current Smarte Carte contract which provides free carts in customs. The second resolution implements the supplemental process to ensure funds are available to support that program.

Commissioner Goosby asked who is responsible for returning the carts to the dispensers.

Mr. Turpen responded that last year a test program was run which essentially gave \$1.00 to each international passenger to buy a cart. Out of that \$1.00 Smarte Carte netted 75¢. Twenty-five cents of that \$1.00 was retained as an incentive to return the cart. He explained that currently carts can be taken from customs to any location on the Airport...the garage, curbside or other terminals.

Commissioner Goosby said it was his understanding that Smarte Carte had an obligation to retrieve carts to the various locations.

Mr. Turpen said that Smarte Carte has an obligation to provide 400 carts in customs at all times.

Commissioner Goosby argued that if it is not Smarte Carte's responsibility then perhaps the Airport should not be trying to keep the school kids away from the Airport. He said that someone should be responsible for the retrieval of carts, whether it is Airport staff or Smarte Carte.

Mr. Turpen said it is his opinion that it is the contractor's responsibility and the contractor offers 25¢ as an incentive to ensure the carts are returned.

Mr. Don Garibaldi, Airport General Counsel, agreed that it is the contractor's responsibility.

Mr. Turpen said that based on Smarte Carte's decision to offer a 25¢ reward Smarte Carte pays the Airport 10 percent, or 7-1/2¢ out of the remaining 75¢. In effect, Smarte Carte continues to receive 67-1/2¢. He said that when Smarte Carte employees return a cart the company keeps the quarter.

Mr. Turpen explained that cart clutter is not a major problem. Skycaps and other persons at the Airport typically will return a cart to a dispenser for the 25¢ reward. Smarte Carte retrieves carts from those dispensers and brings them back to customs in order to maintain a supply of carts in that area.

Commissioner Fleishell said he was going to vote in favor of the item for two reasons: because he has fought for eight years to have free carts in customs; and, the Mayor wants free carts.





The following item was adopted by a 3-1 vote with Commissioner Fleishell casting the dissenting vote.

2. Smarte Carte Request for Reconsideration of Cart Design

No. 86-0214

Mr. Turpen said that the Commission had requested an L-shaped design and Smarte Carte developed that design. When Smarte Carte presented the new design to their insurance company the company was reluctant to provide insurance. He said that Smarte Carte also developed another design, which is similar to but slightly larger than the current design, in an attempt to be responsive to the Airports Commission's desire for greater luggage carrying capacity. He said that Smarte Carte does not want to provide an L-shape cart because it is not insurable. Mr. Turpen said that the Commission must decide whether to accept a modified design with a slightly greater carrying capacity or to reject it and stay with the basic cart which is currently being used at the Airport.

Mr. Turpen said it is his understanding that Smarte Carte's insurance company is requiring them to install the modified cart on a trial basis at a smaller airport.

Commissioner Fleishell asked what steps staff has taken to determine whether an L-shaped cart can be insured.

Mr. Turpen responded that to his knowledge he did not believe that anyone on staff has made calls to insurance companies to determine whether or not the L-shaped cart could be insured.

Commissioner Fleishell argued that the City pays \$20,000 a year to a risk manager for insurance advice.

Mr. Turpen said that to his knowledge no one on staff has contacted him. He said that if the Commission would like to put this item over staff will be happy to talk to the risk manager about L-shaped carts.

Commissioner Tsougarakis did not feel the item should be put over.

Mr. Turpen said it was his understanding that Smarte Carte approached 23 insurance companies in order to get insurance on their basic cart design and only one firm would insure that design.

Commissioner Tsougarakis asked how many claims there were against Smarte Carte.

Mr. Gene Pastian, Smarte Carte, responded that there are two claims pending.

Commissioner Bernstein asked if the insurance companies were refusing to insure the type of cart or Smarte Carte itself.

Mr. Pastien responded that each insurance company had different reasons for not insuring Smarte Carte and they were not necessarily all cart related.

Commissioner Tsougarakis asked what the main reason was.

Mr. Pastien responded that he supposed the main reason was Smarte Carte's exposure to the general public. He said that the fact that Smarte Carte interacts with the general public makes them a high



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Mr. Pastien responded that he supposed the main reason was Smarte Carte's exposure to the general public. He said that the fact that Smarte Carte interacts with the general public makes them a high



insurance risk. He said that the insurance companies were showed their standard cart. When a prototype of the L-shaped cart was developed it was showed to the insurance companies as well and they said they would not insure it.

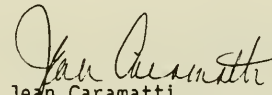
Mr. Jim Chamberlin, Delta Airlines, asked that the record show that the airlines were unanimous in their opposition to free carts.

Attached is a copy of Paul Van Wert's letter to Mr. Turpen, dated September 11, 1986.

\* \* \*

F. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 8:25 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



SAN FRANCISCO  
AIRLINE AIRPORT AFFAIRS COMMITTEE

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September 11, 1986

SEP 12 '86

Mr. Louis A. Turpen  
Director of Airports  
Airports Commission  
City & County of San Francisco  
San Francisco International Airport  
San Francisco, CA 94128

Dear Lou:

The airlines find it incredulous that a proposal to provide free luggage carts in the Customs Area at San Francisco International Airport has once again found its way onto the Airports Commission agenda. Our files on this subject go back to 1983, a period of three years during which the Airport staff, the Airports Commission and other City officials have determined, over and over again, based on the evidence put before them, that such a service is neither needed, nor affordable.

Even more alarming is the City's latest estimate of annual costs to provide free carts in Customs, up 50% to \$750,000 annually from the estimate of \$500,000 provided to the Commission just last year. Let there be no mistake, if implemented as proposed, every penny of that \$750,000 will be paid for by the airlines. It will increase our average per square rental rate in the Terminal Area by almost \$1.00/s.f./yr., a financial burden that will continue indefinitely and continue to increase.

This proposal, as it has always been, is clearly in contradiction with the Airport-Airline Lease and Use Agreement. Sections 701 and 702 thereof read:

"Section 701. Prudent Operation

City covenants that it will efficiently manage and operate the Airport on the basis of sound business and airport management principles in effect at airports of comparable size in the continental United States and with efficient and prudent control of all capital and operating expenses.

Section 702. Revenues From Non-Airline Sources

Consistent with the provisions of Section 701, City agrees that it will operate the Airport in such a manner as to maximize revenues from concessionaires, lessees and other non-airline users; provided, however, that City will



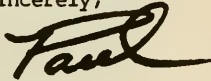


not permit the installation of concession facilities in such a manner or at such locations in the Terminal Area as will obstruct traffic or impede Airline's ability to perform the functions enumerated in Section 201 hereinabove."

When asked for justification, the City has always referred to the availability of free carts at certain overseas airports. As noted above, this is not the basis on which the City has promised to operate SFIA. Does it need mentioning that the purposeful dismantling of a viable and valuable concession operation is not "consistent" with other City covenants in the lease?

It is the airlines position that if the City is determined to implement this program, the costs should be netted out of the Annual Service Payments transferred from SFIA to the City. Those supporting free carts should understand and appreciate the financial consequences involved.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul", with a stylized flourish extending from the end.

Paul J. Van Wert, Jr.  
Chairman - SFAAAC

PJV:ba

cc: Airports Commission  
SFAAAC



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

OCTOBER 7, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**  
President

**J. EDWARD FLEISHELL**  
Vice-President

**DR. Z.L. GOOSBY**  
**ATHENA TSOUGARAKIS**  
**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**  
Director of Airports

**San Francisco International Airport**  
**San Francisco, California 94128**



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of the Minutes  
Airports Commission

October 7, 1986

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Minutes  
of the  
Airports Commission Meeting  
October 7, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:05 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President J. Edward Fleishell, Vice President Z.L. Goosby Don Richards Stephens
Absent:	Athena Tsougarakis

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the following meetings were adopted by order of the Commission President:

No. 86-0215	Regular meeting of September 16, 1986
No. 86-0216	Special meeting of September 23, 1986

\* \* \*

D. SPECIAL ITEM:

The following item was unanimously adopted.

1. Retirement Resolution:  
Wally Wortman

No. 86-0217

Mr. Lou Turpen, Airport Director, told the Commission that Mr. Wortman, the Director of Property for the City and County of San Francisco, is retiring after 36 years of service to the City, 18 of which have been as Director of Property. He said that Mr. Wortman has been a very valuable and good friend to the Airports Commission and staff over the years. He congratulated him and wished him well in his retirement.



\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Fleishell said that U.S. Customs at SFO has always done an outstanding job and is one of the best operations in the United States. He said he receives nothing but compliments about the Customs service from friends and business associates who travel. He felt it was time they were recognized and honored for the great job they do and introduced a resolution commending their fine work.

Commissioner Bernstein asked that an appropriate resolution be signed by Commissioner Fleishell and framed for presentation to Customs.

The resolution was unanimously adopted.

No. 86-0218

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

The following item was put over.

2. Authorization to Award Lease of Automatic Teller Machines in the North and South Terminal Buildings

Resolution awarding the Lease of Automatic Teller Machines in the North and South Terminal Buildings to American Express Travel Related Services Co., Inc.

Mr. Turpen asked that the item be put over. He said that although HRC's approval is anticipated they have a problem with American Express. He said that he hoped the problem would be resolved by the next meeting.

The following items were unanimously adopted.

3. Resolution Approving the Continuance of the Operating Permit with Chronicle Videotex, Inc.

No. 86-0219

Mr. Turpen said that this resolution responds to the Commission's direction at the September 16 meeting that staff continue an operating permit for Chronicle Videotex at the Airport.

Commissioner Goosby asked that this be looked at in a year to determine if it should be bid.

4. Revised Five-Year Capital Projects Plan

No. 86-0220

Resolution approving the Airport's revised Five-Year Capital Projects Plan (dated October 7, 1986).



Commissioner Fleishell commented on the garage re-stripping item. He said that garages are normally re-stripped every 10 years and this garage has hardly been utilized. He also said that three and a half years ago the Commission approved staff's request for a \$70,000 paint stripping machine. He assumed that that machine would also have the capability to stripe garages. He also suggested at that time that since the City owns at least three stripping machines an inter-departmental work order should be considered.

Mr. Turpen said that the re-stripping is more than just a maintenance project. He said that the garage is presently designed to accommodate 7,000 vehicles but in view of the change in the type and size of vehicles since the conception of the garage it has been determined that an additional 1,000 spaces could be made in the garage, consistent with the structural integrity of the facility. He said that in re-stripping the garage other options open up, such as relocating the rent-a-cars from their current location on the roadway to the lower level of the garage and eliminating all the rent-a-car buses circling the Airport.

Mr. Turpen said that he could not respond to Commissioner Fleishell's specific question on the ability of the existing equipment to stripe the garage. He explained that this is not just maintenance re-stripping, the entire striping program in the garage will be wiped out and re-stripped to accommodate 1,000 extra vehicles. He said that although the garage is not at its peak 7,000 vehicle capacity, staff is looking at about a 1,400 vehicle reserve for the rent-a-cars on the ground floor of the garage, leaving close to the 7,000 spaces which was the long term plan of the garage.

Mr. Turpen said that he has broached the subject with the rental car people and told them that in addition to what they normally pay the Airport there will be a rental fee on the garage. He said that they were open to discussion on that.

Mr. Dennis Bouey, Deputy Director, Facilities, Operations and Maintenance, said that a member of his staff, along with Sheldon Fein, began talking to the Department of Public Works about this two or three months ago.

Mr. Sheldon Fein, Landside Operations, said that this project not only includes striping but also includes a great deal of sand blasting. He said that the garage will have to be closed down a level at a time in order to blast the paint off and paint a new pattern. He said that DPW is interested in bidding.

Commissioner Goosby asked if the firehouse mentioned was new, where it was going to be built and why.

Mr. Turpen responded that the Airport has two firehouses, one was rebuilt about three or four years ago. The second one is the original firehouse/crashhouse located at the intersection of both runways. He said that it is a smaller facility and that is the one that is going to be replaced.

Commissioner Bernstein asked how many calls there are a day.

Mr. Turpen responded that the average used to be about one an hour but currently is about one every two hours, 24-hours-a-day, 365 days a year. He said that there is equipment at both firehouses. The main firehouse, which the Commission approved the last time around, is a combination crash and structural firehouse as well as first aid and replaced the oldest building on the Airport. The second firehouse is strictly a crash firehouse and is only for aircraft



emergency response. He said that the purpose is to have immediate access to the airfield and that is why it is located where it is.

Mr. Bouey added that the existing firehouse has structural defects. The existing structure was so small that the equipment would not fit so a temporary extension had to be built in order to keep the equipment out of the elements. He added that staff also wanted to move the firehouse. He said that the current firehouse was right in the path of the ILS system, which sends a beam out to the aircraft and directs it to runway 28R and whenever the traffic moves into or out of the firehouse it disrupts the ILS system. He said that the FAA has repeatedly asked that the firehouse be moved.

Commissioner Bernstein asked if one would be abandoned, leaving the Airport with only one firehouse.

Mr. Bouey responded that because the Airport has a minimum response time from any point on the airfield the firehouse would have to be moved to another location.

Commissioner Fleishell asked why the old building by Butler Aviation has not been torn down.

Mr. Turpen responded that that building presently houses the Airport's radio communications facility and is storage for the Airport's emergency supplies and a number of other things. He said he would be happy to send Commissioner Fleishell the information. He added that because the old buildings on the North Field have been torn down this building is the best facility for its purpose.

Commissioner Fleishell said it was an eyesore and he was not sure that it was the most effective use of land. He said that this building does nothing but get in the way of Butler's ramp.

Commissioner Goosby said that according to this, staff was going to take Plot 42 and the adjacent AirCal hangar and combine those two areas into a cargo center.

Mr. Turpen said that Plot 42 is not really vacant, it is a parking apron.

Ms. Angela Gittens, Deputy Director for Business and Finance, said that staff is currently in negotiation with at least one carrier to set up a cargo center. She explained that a management structure would be established so that one airline would manage that area for the Airport and make sure that all of the aircraft that operate there are permitted. She said we have had a problem there with aircraft flying in and leaving without the Airport's knowledge.

Mr. Turpen said that management would be asked to remodel and build at their sole cost and expense and would manage the property for the Airport subject to the rules established by the Airport.

Commissioner Goosby asked if this company would manage the cargo handling for other airlines.

Mr. Turpen responded only for itinerants.

Commissioner Goosby used Air France as an example of an airline whose cargo needs must be addressed.

Ms. Gittens said that Air France is looking for cargo area. She said that although it is not ideal for their combined passenger/freighter service, they are anticipating putting on a 747 freighter in the future.





Mr. Turpen said that this property is farther away from JAL and is on the bay-side of the terminals. From the standpoint of making up cargo and bringing it around to load on a passenger aircraft, the distances are difficult. He said that the area is really more for the pure cargo operator and not combination-type activities.

Ms. Gittens said it is really for the small package carriers like Emery, Purolator and Orion.

Commissioner Goosby wondered why Air France could not make the same cargo arrangements as Qantas.

Ms. Gittens said that the problem is that Air France does not have space.

Commissioner Goosby argued that this space is available.

Ms. Gittens responded that they were offered Plot 42 but turned it down. It is not a practical alternative for them.

Commissioner Goosby asked if staff has considered putting this up for cargo handlers rather than airlines.

Mr. Turpen responded that staff has given it some thought but since the Airport is involved in the Master Plan process it is staff's intention that any cargo facilities that are to be constructed will be constructed by the Airport and leased by the Airport.

Mr. Turpen said that this is a very limited, postage-size ramp with a building that is antiquated and in serious need of renovation and up-grade. It is extremely remote from anything on the Airport and is primarily designed for a smaller operation. He said that Air France was offered an opportunity to go to this space and turned it down because it was not satisfactory to their needs. He said that the major passenger/cargo carriers want to be on the frontage road side of the Airport.

Commissioner Goosby said he did not see the difference.

Mr. Turpen said that an option is to build a unit cargo terminal and lease units to the various airlines.

Commissioner Goosby said that since you are offering it to a private business why not offer it to a cargo handler. He said that he did not see the distinction between an airline and a cargo handler, they are both outside businesses.

Mr. Turpen said that issue number one is the long term Master Plan and what the Airport intends to do. He said that we simply are not going to put that in the hands of any private party. He explained that a line has traditionally been drawn at the Airport where space will be rented to airlines but not to cargo handlers or freight forwarders. He said that the minute the door is opened to one cargo handler others will want entry and we simply do not have the space.

Mr. Turpen said that Ms. Gittens is investigating the possibility. The \$200,000 was included in the event the Airport decides to do it. It has nothing to do with giving it to anybody else.

Commissioner Goosby did not understand why Qantas alone is able to hire a cargo handler.

Mr. Turpen said that Air France was offered the opportunity to go to Plot 42 but turned it down. He said that Air France wants what



everyone else wants, a good piece of cargo property in the exact location they want. He said staff has been talking to Delta, Northwest, Republic and Western about this.

Commissioner Goosby asked what the advantage was to the Airport in not building the cargo facility.

Mr. Turpen responded that the Airport saves \$200,000 and is an option that is being considered. He added that the Western/Delta merger and the Northwest/Republic merger will free up some space but unfortunately our timetable and Air France's timetable may not be the same. He said that he understands their desire to get in but there are hundreds of airlines who would like to walk in a get a gate and a piece of ticket counter and it's just a matter of working with them until we can free up the space they need.

Commissioner Goosby felt that if the Airport built the cargo area it might offer a fair distribution of cargo handling at the Airport. He asked staff to consider if it would work in the Master Plan.

5. Christian Science Reading Room Request for Rent Credit

No. 86-0221

Resolution approving a rent credit to the Christian Science Reading Room for costs incurred to provide electrical service to their North Terminal premises.

6. Award of Professional Services Contract to Kennedy/Jenks/Chilton, Inc. - Engineering Services for Contract 1017 - Expansion of Electrical Distribution System - Phase II

No. 86-0222

This work is the second phase of a project to expand the 12 kilovolt electrical distribution system throughout the Airport to replace outmoded, deteriorated 4 kilovolt systems and to provide alternate services where only single service is available at present.

Mr. David Novogrodsky, Business Manager for the Professional and Technical Engineers, Local 21, said he represented engineers and technicians as well as accountants and others at the Airport. He asked that the item be put over to the next meeting. He felt that this was the type of work that is typically and easily done by City employees. He told the Commission that he was meeting with the Board of Supervisor's Finance Committee and probably with the Mayor's Office. He said it does not make sense to contract out for this work, either from an economic or a Civil Service standpoint.

Mr. Jason Yuen, Administrator, Bureau of Planning and Construction, said he had no problem in putting this item over for two weeks but staff has spent the last several months writing to Public Works, the Port and the PUC trying to get City employees to do this work. Mr. Yuen said that every City department has this type of personnel and each department responded that they were unable to do the work. He said that yesterday Mr. Turpen informed the staff that the Mayor is planning to cut 500 positions from next years budget so it will be an uphill battle to get these positions.



Commissioner Stephens said he did not think the City could do it as cheaply as private industry.

Mr. Yuen said that it could if the employees were hired on an as-needed basis.

Mr. Turpen said that that is not the intent here. The intent is that we hire City employees and keep them on the payroll regardless of the level of work. He said that in 1981 an agreement was made with Local 21 that the Airport would maintain a certain volume of in-house work to protect our employees. The Airport kept that agreement. He recommended moving ahead with this matter so that Mr. Yuen can proceed.

Commissioners Fleishell and Stephens agreed that the item should be voted on today.

Commissioner Goosby told Mr. Novogrodsky that it was not that the Commission was unsympathetic but the Union has had months.

Mr. Novogrodsky argued that this has been brewing for months but it was called to the Union's attention only a few weeks ago. He said that at the present time a battle is developing over the use of contracts such as this. He said that this contract is typical of the kind of work that City employees can do. It is not expert and not one-time only but is the kind of work that is bread and butter City employee work and in that sense it is prohibited by Charter from contracting out. He said it has to be done by Civil Service employees. He said that the City has not handled this in line with provisions in the Charter. Mr. Novogrodsky told the Commission that the Mayor has already revised her contract procedures and the Board of Supervisors is going to make changes, particularly with regard to staffing. He said he will be back to oppose this contract. He did not think it made sense and again asked for a two week delay.

#### 7. Modification to Lease for Operation of public Lockers

No. 86-0223	Resolution authorizing the reduction of the minimum annual guarantee in the Lease for operation of public lockers.
-------------	--

Mr. Turpen explained that with the current world situation the Airport has been compelled, on certain occasions, to shut down all the lockers in the public areas. He commended American Locker for their responsiveness and said that the lockers have been shut down for quite some time and has impacted their revenue. He said that this item simply sets forth a formula wherein as Airport Director he would be allowed to adjust their minimum annual guarantee based on the percentage of lockers that are open. He asked for the Commission's approval and their recognition of American Lockers responsiveness to the Airport's concerns. He said that when American Lockers was asked to shut down their lockers they did so immediately and without question.

Commissioner Fleishell asked if there was back-up documentation. He said that in the event of an audit the closure period can then be tied in with the number of lockers and the reduction.

Mr. Turpen responded that staff files written correspondence but he will send the Commission a report.

Commissioner Goosby said that this was not only a logical step for the Airport to take but it was just and compassionate as well.



8. Rejection of Bids: Contract No. 1738  
Silt Removal - 1986

No. 86-0224

Resolution rejecting all bids for  
Contract No. 1738. These bids were  
substantially over the budget.

Mr. Turpen explained that this item addresses the flooding problem  
West of Bayshore. He said that Mr. Bouey is anxious to get the  
contract rebid.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

With the exception of Item #11, the Consent Calendar was unanimously  
adopted.

9. Declaration of Emergency:  
1432C Runway Closure Light - \$15,000

No. 86-0225

10. Approval of Northwest Airlines Tenant Improvements in the South  
Terminal - Contract T-3174 - No Cost to Airport

No. 86-0226

Resolution approving final plans and  
specifications and authorizing  
construction modification of ticket  
counters, holdroom podiums, flight  
information display systems and fuel  
pits at the airline's own expense.

Item #11 was put over.

11. Request for Assignment of Lease for Operation of Public Lockers

Resolution consenting to the assign-  
ment of lease for operation of public  
lockers from American Locker Co., Inc.  
to Amlock, Inc.

Mr. Turpen explained that some of the paperwork has not yet been  
received by staff and he did not want the Commission to act on this  
item until all of the paperwork is in.

Items 12 and 13 were uanimously adopted.

12. Tenant Improvement:  
UAL Bldg. 29 - Western Headquarters Bldg.  
Alterations to 2nd Floor  
T-3176 - \$250,000 - No Cost to City

No. 86-0227





13. Request for Approval of Travel/Training for Airports Commission  
Representatives

NO. 86-0228

\* \* \*

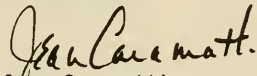
H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the  
meeting adjourned at 9:38 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

OCTOBER 21, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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October 21, 1986

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Minutes  
of the  
Airports Commission Meeting

October 21, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present: Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis

Absent: Don Richards Stephens

\* \* \*

C. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution no. 86-0229 authorizing the Director to hire the law firm of Liebert, Cassidy and Frierson in matters of employee discipline and employee relations, including handling litigation and the training of Airport management and supervisors in dealing with employee discipline and related matters, at the closed session of October 7, 1986.

\* \* \*

D. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 7, 1986 were adopted by order of the Commission President.

No. 86-0230

\* \* \*

E. DIRECTOR'S REPORTS:

1. Review of Amended Specifications - Airport Motor Coach Service Agreement



Mr. Lou Turpen, Airport Director, said that the bid for the Airport Motor Coach Service Agreement is still pending and staff hopes to move this matter forward in the near future. He said that staff has provided for the Commission's consideration some areas requiring amendment, such as the rolling stock insurance and the downtown terminal. He said that although it is the Commission's intent that the downtown terminal obligation be assumed by the successful bidder, the question of whether or not the terminal must be used remains open. He said it was his understanding that what the Commission wants and what our current proposed agreement states are two different things. He said that the current proposed agreement requires that the successful bidder operate from the downtown terminal. He believed that while the Commission always intended to have a location somewhere in the downtown area, it did not necessarily have to be the downtown terminal.

Commissioner Goosby said that that was worked out during the hearings and is reflected in this language.

Mr. Turpen responded that it reflects more than that because there were two issues involved. The first issue was what to do with the downtown terminal. The Commission decided that the successful bidder would have to assume that obligation at the unamortized portion of the investment. The second issue was whether or not the successful bidder would have to use the downtown terminal. He said that according to his recollection of those discussions, the Commission wanted a downtown location and the winning bidder would have to assume the terminal, however, the winning bidder could either elect to use the terminal or assume another location. He said he would recommend that that option be amended into the specifications.

Mr. Turpen said that he did not need an answer from the Commission today but he did want to open up the subject. He explained that it would be necessary to hold another pre-bid conference on the specific items intended to be changed, and a public hearing on those same items.

Commissioner Fleishell asked Mr. Turpen to call him on this matter as he has some comments having to do with litigation.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was unanimously adopted.

2. Commendation for United Airlines

No. 86-0231

Resolution commending United Airlines for new flight procedures on 727's and 737's which result in quieter operation.

Mr. Turpen said that United has instituted new procedures to help



mitigate noise in the Airport environs area and have offered their new procedures to the other airlines at SFO. He said it was the Commission's feeling that United should be commended for their efforts.

The last resolve was eliminated in Item No. 3 and unanimously adopted.

3. Resolution to Relocate Food and Beverage Facility at Entrance to Boarding Area 'E' of the North Terminal

No. 86-0232

Resolution authorizing the relocation of Host Ice Cream/Cookie Shop to a larger facility and approving the schematic design for said facility.

Mr. Turpen said that the last resolve in the resolution should be eliminated since the schematic design has not yet been prepared.

Mr. Turpen said that this matter has previously come before the Commission. He said that the Commission package shows the Ice Cream/Cookie Parlor relocated toward the throat of the International/North Terminal connector. He said that the Commission indicated at a previous meeting that they would support such a relocation to allow for an expansion of the retail concession space. Currently occupied by Aeroplex, the space will be part of the new principal concession for Boarding Area 'E', the American/Delta concourse. This item defines the area that will be available for the principal concessionaire and allows staff to proceed with Host on the design of the modified Ice Cream/Cookie Parlor.

Items 4 and 5 were unanimously adopted.

4. Operating Agreement for Self-Service baggage Cart System

No. 86-0233

Resolution authorizing staff to hold a pre-bid conference for the Operating Agreement for a Self-Service Baggage Cart System.

Mr. Turpen said that although the current contract for the self-service luggage cart concession does not expire until 1990, in view of the difficulties in the past of securing interested parties to bid this item staff has decided to start the process early. He felt that if interest could not be generated in three years then there is none.

Commissioner Tsougarakis asked about the status of the funding.

Mr. Turpen responded that the Airports Commission adopted this item on September 23; the paperwork for the supplemental appropriation was prepared and forwarded to the Controller on September 25. The legislation is now being prepared to go to the Board of Supervisors.

Commissioner Bernstein asked if staff routinely follows up on these items.

Mr. Turpen told Commissioner Bernstein that staff does monitor these items and this is no different from any other supplemental put into the system. He said that the paperwork is immediately prepared and delivered to City Hall. When an item is placed on the Board of Supervisors calendar an Airport representative attends that meeting



to answer questions.

Mr. Turpen said he was not aware of any emergency regarding this item and that staff was following the standard procedure. He said that the Commission could declare an emergency if it wishes and he would then have a staff member walk this item through.

Commissioner Fleishell felt that each prospective bidder should present the cart intended for use at the pre-bid conference so that there is no problem with the cart design after the contract has been awarded.

5. Request for Assignment of Lease for Operation of Public Lockers

No. 86-0234

Resolution consenting to the assignment of the lease for operation of public lockers from American Locker Co., Inc. to Amlock, Inc.

Item No. 6 was put over.

6. Authorizing Agreement for Parking/Transportation Management Program

Authorizes Director to enter into agreement with RIDES for Bay Area Commuters, Inc. to provide San Francisco International Airport with employee-oriented Parking/Transportation Management Program.

Commissioner Fleishell asked that the item be put over in order to give him a chance to study it more carefully.

Commissioner Goosby asked why this was not put out to bid.

Mr. Tony Bruzzone, Airport Operations, responded that RIDES was a non-profit organization funded by the State to do programs like this. He said that as far as he knew they were the only organization doing this type of program.

Commissioner Goosby said that since this did not go out for bid he would feel better if staff researched the field to determine if there were other organizations capable of performing this service.

Mr. Bruzzone asked if the Commission wanted a formal process through an RFP or simply notify organizations by telephone.

Commissioner Fleishell said that the Commission might have additional questions after this item has been studied and suggested staff wait before proceeding.

Commissioner Fleishell added that the letter was not clear as to whether or not this firm did the Varian Corporation study.

Mr. Bruzzone said that although they assisted he believed Varian hired their own employee to do this. He added that there were reasons for staff's recommendation not to handle this.

Commissioner Fleishell commented that the letter implies that they did the Varian study, but that was not his information.





Mr. Turpen said that staff will present additional information to the Commission. He said it is estimated that roughly 2000 spaces could be recovered at the Airport through this program which would mean about \$55.00 per space. Mr. Turpen said that there is no more available parking at the Airport and it is imperative that some type of program be installed. He said that the Airport does not have any vested interest in any one particular avenue over the other.

Mr. Turpen said that the matter will be put over and staff will return to the Commission with information on whether or not there are other companies that specialize in this service and give the Commission information on staff's projections on the likely recovery of parking spaces.

\* \* \*

#### H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted. Item No. 18 was unanimously adopted as amended.

7. Retirement Resolution:  
Lin Tai Louie

No. 86-0235

8. Retirement Resolution:  
Ted Mynatt

No. 86-0236

9. Type II Modification for Two South Terminal Complex Construction Contracts

No. 86-0238

Contract 1410ABCD:  
South Terminal Renovation -  
Phase I - \$54,943.

No. 86-0237

Contract 1414AB:  
Boarding Area 'B' Renovation - \$77,527.

10. Statistical Adjustment 1986-87 - Joint Use Billings Under Lease and Use Agreement

No. 86-0239

Resolution adjusting 1986-87 Joint Use Billings pursuant to Section 101.W of the Airline-Airport Lease and Use Agreement for UTA French Airlines.

Item No. 11 was unanimously adopted as amended.

11. Statistical Adjustment 1986-87 - Joint Use Billings Under Lease and Use Agreement



No. 86-0240

Resolution adjusting 1986-87 Joint Use  
Billings pursuant to Section 101.W of  
the Airline-Airport Lease and Use  
Agreement for Air France.

Mr. Turpen told the Commission that the enplanements for Air France  
should be changed from 18,701 to 9,350.

12. Resolution Ratifying Action of Commission President in Declaring an  
Emergency for the Immediate Removal of Hazardous Wastes at Boarding  
Area 'C' Site Excavation - \$24,000 Encumbered

No. 86-0241

\* \* \*

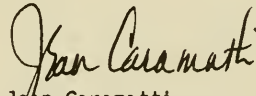
I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the  
meeting adjourned at 9:17 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

NOVEMBER 4, 1986

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

**President**

**J. EDWARD FLEISHELL**

**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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of the Minutes  
Airports Commission

November 4, 1986

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B.		ROLL CALL:		2
C.		ADJOURNMENT TO GO INTO CLOSED SESSION:		2





Minutes  
of the  
Airports Commission Meeting

November 4, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, Ca.

\* \* \*

B. ROLL CALL:

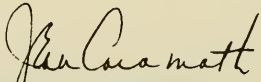
Present:

Morris Bernstein, President  
J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis  
Don Richards Stephens

\* \* \*

C. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no calendared business before the Commission the meeting adjourned at 9:02 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



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## **MINUTES**

NOVEMBER 12, 1986  
SPECIAL MEETING

**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**  
President

**J. EDWARD FLEISHELL**  
Vice-President

**DR. Z.L. GOOSBY**  
**ATHENA TSOUGARAKIS**  
**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**  
Director of Airports

**San Francisco International Airport**  
**San Francisco, California 94128**



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November 12, 1986  
SPEICAL MEETING

<u>CALENDAR SECTION</u>	<u>AGENDA ITEM</u>	<u>TITLE</u>	<u>RESOLUTION NUMBER</u>	<u>PAGE</u>
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Minutes  
of the  
Airports Commission Meeting

November 12, 1986  
SPECIAL MEETING

A. CALL TO ORDER:

The special meeting of the Airports Commission was called to order at 9:00 AM in Room 104 of the Veteran's War Memorial Building, 401 Van Ness Avenue, San Francisco, CA.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President
	J. Edward Fleishell, Vice President
	Z.L. Goosby
	Athena Tsougarakis
	Don Richards Stephens

\* \* \*

C. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no calendared business before the Commission the meeting adjourned at 9:01 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary





# **SAN FRANCISCO AIRPORTS COMMISSION**



## **MINUTES**

NOVEMBER 18, 1986

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**DIANNE FEINSTEIN, MAYOR**

## **COMMISSIONERS**

**MORRIS BERNSTEIN**

President

**J. EDWARD FLEISHELL**

Vice-President

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**



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November 18, 1986

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Minutes  
of the  
Airports Commission Meeting

November 18, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 AM in Room 282, City Hall, San Francisco, CA.

\* \* \*

B. ROLL CALL: ✓

Present:

Morris Bernstein, President  
Z.L. Goosby  
Athena Tsougarakis

Absent:

J. Edward Fleishell, Vice President  
Don Richards Stephens

\* \* \*

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 21, 1986 were adopted by order of the Commission President.

No. 86-0247

\* \* \*

D. ANNOUNCEMENT BY SECRETARY:

In accordance with Section 54957.1 of the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of resolution 86-0242 approving the conditions to a noise variance to operate San Francisco International Airport; and, 86-0243 regarding the settlement of a litigated claim at the closed session of November 4, 1986; and 86-0244 amending the agreement with Morrison and Foerster; and, 86-0245 and 86-0246 regarding the settlement of litigated claims at the closed session of November 12, 1986.

\* \* \*





E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Items #1 and #2 were unanimously adopted.

1. Authorization to Conduct Pre-Bid Conference for Airport Motor Coach Service Agreement

No. 86-0248

Resolution approving leasehold specifications and authorizing Director to hold a Pre-Bid Conference for Airport Motor Coach Service Agreement.

Commissioner Bernstein asked Mr. Steve Leonoudakis, SFO Airporter, if he wished to address the Commission.

Mr. Leonoudakis said that from his company's standpoint the ground transportation industry has been devastated. He said that in their peak year Airporter carried 2-million passengers; this year they will be lucky if they carry slightly more than 900,000 passengers.

Mr. Leonoudakis said that if the Commission wants peak, high-quality service at a reasonable low fare the minimum should not be set at \$400,000 versus 12 percent of the gross. He felt the amount was far too high given the current state of the market. He reminded the Commission that it is only granting a mere non-exclusive permit, unlike the limousine service where an exclusive contract to serve is granted. He complained that the Commission is no longer offering what it used to but is still requiring that the operator offer first class service, a fleet of buses, a terminal, and scheduling every 15-minutes. He explained that all this necessitates a labor force consisting of drivers, mechanics, dispatchers, cashiers, a garage for the buses and a staff to run it. He said that the labor quotient comes to \$6-million annually, with another \$6-million to staff and capitalize the business. Mr. Leonoudakis said that if you divide the \$400,000 being proposed by the number of passengers currently being transported by Airporter it comes to 70¢ a passenger. He said that the van competition currently serving the Airport pays 35¢ a loop, or 5¢ per passenger if the van leaves the Airprt with its seven passenger capacity.

Mr. Leonoudakis said that this business does not function just by taking traffic from the Airport and deadheading back although that is what is happening to his side of the industry. The big bus industry has very few passengers that it is taking back to the Airport because there is now competition from 17 other providers.

Mr. Leonoudakis told the Commission that \$400,000 and 12 percent will result in a higher fare. If the Commission wants the public to be served at a reasonably low fare the minimum should be set at \$150,000 against 5 percent. He reminded the Commission that the Director's recommendation for the vans was \$1.00 a loop but the Commission reduced it to 35¢.

Mr. Leonoudakis said that Airporter has been operating on a permit since June of this year and that they were forced to sign that document and pay 16-1/4 percent. He said it has been devastating to



them because the business just isn't there. He urged the Commission to act fairly in this matter and set the minimum at 5 percent against \$150,000.

Mr. Leonoudakis also asked the Commission if it would consider making Airporter's current fee retroactive in light of what the vans are paying.

Mr. Lou Turpen, Airport Director, felt that to get into protracted public testimony on what is simply a request by staff to hold a pre-bid conference is not productive. This item simply seeks the Commission's authorization to conduct a pre-bid conference at which comments, such as Mr. Leonoudakis's, can be raised, evaluated and shared with the Commission. At that point it would be appropriate for the Commission to make a determination as to whether they wish to pursue staff's recommendation as it will then be formulated, or, to pursue any of the recommendations of persons attending the pre-bid conference. He said that it is pre-mature to enter into a debate over minimums or percentages until the pre-bid conference has been conducted. Typically, after a pre-bid conference staff presents the Commission with comments and suggestions of the prospective bidders in order to give the Commission a range of options. The Commission then decides what it wants to do. At that point staff will go forward and bid this service.

Commissioner Bernstein asked Mr. James Clapp if he wished to address the Commission.

Mr. Clapp, attorney representing SFO Continental Air Transport, said that his client is one of the eight bidders on this contract deemed qualified last year. After the last meeting at which this item was considered he addressed a letter to Mr. Turpen, with a copy to Commissioner Bernstein, in which he requested a conference on this matter and on the proposed changes. He felt that at this stage the conference should be attended exclusively by and set up for the consideration of the existing qualified bidders. He said that the Human Rights Commission has qualified his client for minority status and he is concerned that if this is re-opened additional bidders could diminish their opportunity as there are already a significant number of bidders. He said that at this point there has been no consideration to those qualified bidders as to whether or not they could meet or encourage the types of proposed changes suggested by Mr. Turpen.

Mr. Clapp said that the resolution it is not just a resolution to consider a pre-bid conference, it also approves the proposed changes. He felt that these changes should be considered at the conference and not pre-approved before the conference occurs. He felt that Mr. Turpen slightly misstated himself in what he is asking the Commission to consider.

Mr. Clapp asked that the conference be held among qualified bidders and not as a "pre-bid conference". Also, that authorization or approval by the Commission at this time of the proposed changes in the contract be deferred until after the conference is held.

Commissioner Tsougarakis responded that the nature of the business of ground transportation has changed considerably since last year and she felt that the Airport would be remiss in not opening this up again. As to the second issue, she responded that the Commission is simply establishing a foundation for discussion at the pre-bid conference. She told Mr. Clapp that this is the first stage of a three stage approval process. The second stage is when the



Commission looks at staff's final recommendations as well as the alternatives proposed by the prospective bidders.

Mr. Turpen added for the record that these changes were brought before the Commission previously at which time staff asked the members if they wanted to establish a new foundation, get away from the cents-per-deplaned passenger concept, which was a conceptual approach to establishing the bid, and go to the percentage of gross, which is what the Commission elected to do. He said that the percentage amount is still an open issue because the Commission has not made a final decision nor has a pre-bid conference been held. He said that it is imperative that everyone understand the Commission's current thinking and these changes will allow us to send out specifications which reflect that thinking.

Commissioner Goosby said he objected to the restriction on advertising when the Commission first approved the specifications and raised the same objection once again. He said that if it is becoming that difficult for bus companies to return the kind of money the Airport hopes for then it would seem that advertisements on the exterior of the vehicles would help them meet the minimum guarantee. He argued that taxis display advertising and thought that advertisements were tastefully done on City buses and make an appreciable amount of money. He hoped that in the pre-bid conference the prospective bidders will make a point of this if they feel it would be helpful to them. He said that not much was said about this at the last pre-bid conference and that comments from prospective bidders would be helpful to him when this comes back to the Commission. He concluded by adding that it was an unfair and unnecessary restriction.

Commissioner Goosby said that he would vote for it with the understanding that the Commission will have another opportunity for discussion. He told Mr. Clapp that pre-bid conferences were very important because they offered the Commission different points of view.

Mr. Turpen explained that this is only an authorization to conduct a pre-bid conference, it is not an authorization to bid. He said that he felt it was important to send out a bid package which clearly indicates what staff plans on requiring. He suggested that the final resolve be amended to contain the wording: "...the Commission approves the preliminary specifications", thereby indicating that this is the Commission's current thinking but by no means is this the final word.

The Commission agreed.

Commissioner Bernstein said that at some point he would like to know how staff arrived at the \$400,000 figure.

Mr. Turpen said that about a year ago the Commission spent three full days in public hearings and this was the amount arrived at. He said staff has been trying to sort this out since 1981 and has had several pre-bid conferences since that time so the figure should not be a surprise. He added that whether or not the minimum remains \$400,000 is another matter.

Mr. Turpen said that Commissioner Tsougarakis's point that the business has changed is valid and that is why the van option was added. It is staff's intention, with the Commission's permission, to at least get started in the process.

Commissioner Bernstein said that he was not saying that it was wrong but that he was puzzled. He asked if Airporter didn't have certain



advantages over other operators.

Mr. Turpen responded that Airporter has a distinct advantage. He said that they are the only operator downstairs, they have their own curb space and they are the only operator to have booths inside the terminals from which to sell tickets.

Mr. Turpen said that the problem was that the business has changed and people are no longer going to a central point to catch a bus. He said that the van option is included under the current permit and the only requirement is that the current permittee file with the Airport Director a detailed operating schedule of how they will utilize vans in conjunction with large buses. He said that there is nothing to preclude a combination of large buses and vans by the current permittee on the lower level of the Airport but they have not yet filed a request with him. He said that that request will be looked at very carefully.

The following item was unanimously adopted.

2. \$932,268 Supplemental Appropriation to Add Positions

No. 86-0249

Supplemental appropriation to add sixty-three positions needed to handle increased workload from (1) dramatic increases in passenger traffic; (2) the implementation of the new Ground Transportation Rules and Regulations; (3) increased Airport security; and, (4) the completion of Boarding Area 'B'.

Mr. Turpen said that since 1980-81 the Airport has added only nine positions to its staffing, for an increase of one percent. He said that during this period the total number of terminal passengers has increased by 30 percent, the size of the terminal area has increased dramatically with the opening of Boarding Area 'D', the new International Terminal, and we are now facing opening up the entire South Terminal.

Commissioner Goosby asked when these people were going to be hired.

Mr. Turpen said that some of these positions will be filled as soon as approval is received. He told the Commission that even with those new positions the Airport's cost per enplaned passenger will go down by 10%, from \$3.71 to \$3.61. He said that there is a move to cut positions within the City from various departments but he felt that before positions are cut there should be an examination of how many positions have been added since 1980 by the major departments. He said that there has been a significant increase in total head count in almost every City department except the Airport. Mr. Turpen told the Commission that the nine positions were allowed, in great measure, because of the productivity increases in the facilities/operations end of the business and since certain terminal areas were closed down there hasn't been a need to be at full staffing.

Commissioner Goosby asked if the Mayor agreed to approve the additional positions.

Mr. Turpen responded that at the last budget hearing with the Mayor her position was that she would entertain a request for additional positions at the time that they would be required as part of the







development of the Airport. He added that the Mayor is well aware that the Airport has been extremely careful about adding new positions.

Mr. Turpen said that in 1979-80 the Airport went back to zero-based budgeting and outside consultants were brought in to take a look at the entire head count. The consultants agreed that the head count was satisfactory to handle the level at that time. As a result, a commitment was made to the Commission that the head count would not increase beyond the 1980-81 level unless mandated to do so. He explained that the nine positions were mandated for the Exhibition Program in addition to a couple of other positions added along the way.

Mr. Turpen said that Jim Chamberlain of Delta Airlines called him to express his concern with the item but agreed to waive his concern based on the Airport's commitment to him that no hiring would be done for any of these positions until such time as staff has had the opportunity to sit down with the airlines to discuss this matter. He said that this is a two to three month process so he would not anticipate being able to hire anyone until sometime in the Spring, which would be close to the time that these positions would be required. He said that these are custodial and traffic control officer positions.

Commissioner Tsougarakis asked if they would be approved before the next budget has to be submitted.

Mr. Turpen responded that they should be.

Commissioner Tsougarakis asked if that would be a problem for the next budget cycle.

Mr. Turpen responded that he did not think so since the Mayor has approved them and obviously recognizes the need.

Ms. Gittens said that in situations like this staff is frequently caught in a Catch 22 position. If a supplemental is not anticipated for approval until a later date and positions are not filled until later then the question, "Why don't you put it in the budget" is asked. When positions are requested in the budget, the comment "We don't want to add positions to the budget" is made. She said that many of these positions were in last years budget and it was requested that they be removed and placed in a supplemental.

Commissioner Bernstein asked if it was true that 17 percent of the calls are not answered.

Mr. Turpen responded that paging has increased dramatically because of passenger volume. He said that positions could actually be cut if paging is eliminated but the Commission made a policy decision to offer paging as a service at the Airport. Paging is a significant manpower demand on the Airport 20 hours-a-day. He felt it was a good idea and supported the service aspect but felt that if we intend to provide the service then it should be staffed at the appropriate level, or it should be abandoned. He felt that passengers should not be frustrated in their attempts to use a service the Airport claims is available. He said that the installation of computers a couple of years ago forestalled an increase in staff, but we are now to the point where the operators are needed on the consoles in order to keep up.



The following item was put over to the December 2, 1986 meeting.

3. Authorizing Agreement for Parking/Transportation Management Program

Authorizes Director to enter into agreement with RIDES for Bay Area Commuters, Inc. to provide San Francisco International Airport with employee-oriented Parking/Management Services.

Mr. Turpen said that Commissioner Fleishell asked that this item be put over until his return.

Commissioner Tsougarakis said that she did not understand why such a big deal was being made out of this.

Commissioner Bernstein said he thought Commissioner Fleishell was somewhat puzzled by traffic pattern and he would like to delve deeper into this.

Mr. Turpen said that he did not think there was a time constraint on this but it has been pending before the Commission for about four weeks. He said that either way he would like to see some movement in December. The Airport must get into some type of program to diminish private vehicle usage among employees at the Airport. We are in a critical parking situation and a move must be made to carry us through the next couple of years until we can do something about developing the West of Bayshore property. He said that the item addresses this situation.

Commissioner Tsougarakis asked what type of track record they had.

Mr. Turpen responded that there were two case studies included on page 4 of his memo: the first was on Varian, which explained that even when they hired 1000 new employees the company actually decreased their average daily traffic by over 1000 automobiles. The second case study was Bishop Ranch Development in San Ramon with 12,000 employees.

Mr. Turpen said that with a concerted effort and a good promotion program there are some hard facts to back up the notion that people will ride share.

The following items were unanimously adopted.

4. Resolution Approving Schematic Design of Expanded Ice Cream/Cookie Shop

No. 86-0250

Approving the schematic design for Ice Cream/Cookie Shop at entrance to Boarding Area 'E'.

Mr. Turpen said that the Commission has previously discussed with staff and approved in concept the expansion of the Ice Cream/Cookie Shop in the North Terminal, adjacent to Boarding Area 'E'. He said that Mr. Art Spring of Host/Marriott is present to answer questions and the schematics are available for the Commission's review at the end of the meeting. He added that the floor layout and the square footage are consistent with what the Commission wanted.

Mr. Spring explained the schematic design to the Commission. He said



that the cookie shop is operated on a subcontract by a minority operator.

Mr. Spring introduced Mr. Clarence Daniels, Host/Marriott's new Vice President, whose responsibility it will be to work with Airport staff.

5. Authorization to Award the Lease of Automatic Teller Machines in the North and South Terminal Buildings

No. 86-0251

Resolution awarding the lease of Automatic Teller Machines in the North and South Terminal Buildings to American Express Travel Related Services Co., Inc.

Mr. Turpen pointed out that although staff sent 600 invitations to bid and 150 announcements to the media only one bid was received.

6. Modification to Lease for Operation of Public Lockers to Add Full Service Baggage Storage and Other Services

No. 86-0252

Resolution authorizing the execution of Modification No. 3 of the Lease for operation of Public Lockers to add Full Service Baggage Storage and other services.

Mr. Turpen explained that the Commission accepted a staff recommendation for an over-sized, full baggage storage area in the South Connector. Staff bid this item and only one bidder, Travel Central, responded. He said that that bidder was unable to obtain insurance coverage for its lease operation. The Commission, on September 16, 1986, terminated the lease due to Travel Central's failure to come up with the required insurance. He said since there was not a great deal of interest from prospective bidders to provide this service staff approached AMLOCK, which currently handles all of the baggage storage concessions at the Airport. He said that in accordance with the terms of AMLOCK's lease the Commission can negotiate other services for them to provide. Staff felt that since AMLOCK already handled lockers it would be logical for them to handle this type of activity under the same conditions that were proposed in the original lease. He said that AMLOCK has agreed to over-the-counter baggage storage, the sale of packaging material and emergency repair of luggage. He explained that this was more of a service activity than a revenue generator.

Mr. Turpen said that since staff has had such limited success in attracting bidders it should be pursued in this manner for the remainder of AMLOCK's lease, which runs for another 2-1/2 years. At that time staff can either incorporate the requirement into a new lease for locker facilities or it can be split again at the expiration of AMLOCK's lease, when perhaps the environment is a little different and can support the concept the Commission wants to pursue.

Commissioner Tsougarakis asked why AMLOCK can get insurance while the other company cannot.

Ms. Gittens responded that the other company is a small business and this is a new venture for them. AMLOCK is an established company in the locker business and they have a track record with an insurance company.



Items 7 and 8 were put over.

7. Resolution Awarding Lease - Evergreen Airlines

Resolution awarding the lease of Plots 42 and 42A to Evergreen Airlines.

Mr. Turpen said that this item required further review from a planning perspective.

Commissioner Goosby said that he was glad it was going to be reviewed because he was not going to vote for it in its present form. He said he did not feel it was right to negotiate with one cargo company and not go out to bid. He asked what would prevent Evergreen from approaching other airlines to contract with them rather than contracting outside. He feared this would impact local cargo handling companies.

8. Resolution to Modify Standard Concession Lease

Authorization to modify certain sections of the standard concession lease.

Mr. Turpen said that there was a language problem that must be clarified before staff proceeds.

Items 9 and 10 were unanimously adopted.

9. Hours of operation - SFIA Medical Clinic - 90 Day Trial Period

No. 86-0253

Resolution authorizing the Director to initiate a 90-day trial period in which the SFIA Medical Clinic will be closed between the hours of 1:00 AM to 7:00 AM daily.

Mr. Turpen explained that there is now a paramedic operation housed at the Airport and the Fire Department has the capability for emergency calls as well. He said that from 1:00 AM to 7:00 AM there is virtually no activity at the Airport and suggested closing the facility down during those hours on a trial basis. He assured the Commission that there would not be an absence of qualified emergency personnel at the Airport during those hours.

Mr. Turpen said that this operation will be rebid in the next couple of years and felt it would be appropriate to obtain a data base to find out whether the original concept of a 24-hour facility, which dates back to the 1970's, is appropriate. Mr. Turpen added that there is an average of only 20 calls in a three month period during these hours.

Mr. Turpen told the Commission that the Medical Clinic lease expires in June, 1988 but based on the amount of time it has taken in the past to get it moving he would like to get a determination on this and then move to start the process.

Commissioner Goosby said he had a commitment from staff that this would be bid when the current lease expires so on that basis he will vote for it. He said that when this was first introduced the





operator wanted \$100,000 to provide night service and he assumed that the Airport will get some monetary consideration since the operator will no longer have that expenditure. He felt that the Airport was on dangerous ground not bidding this service as there are other very competent medical operations in the area.

Commissioner Tsougarakis asked if we now have paramedics.

Mr. Turpen responded that the paramedics are a recent addition and we are now taking a look at whether or not there is any need to have a Registered Nurse in the Medical Clinic between those hours. He said that there is at least one fire/rescue squad on at night and one or two units of paramedics. He felt that with the amount of time it took last time to work our way through this a determination should be made within the next 90 days and then there should be a move to bid.

Commissioner Bernstein said that he felt that one of the great things about the Airport is its 24-hour-a-day medical service.

Mr. Turpen assured the Commission that medical care would not be diminished.

Commissioner Bernstein said he would go along with this for 90-days but it was no guarantee that he would agree to it beyond the trial period.

Mr. Turpen explained that if, at any time, he determines that the Medical Clinic should resume operating on a 24-hour basis it can be reinstituted within 48-hours.

Commissioner Bernstein said he wants medical attention at the Airport and does not want paramedics.

Mr. Turpen again assured Commissioner Bernstein that medical coverage will not be reduced in any way.

Commissioner Bernstein said he did not want to save money at the expense of medical care.

Mr. Turpen said that he was simply presenting a proposal to the Commission. He expressed his concern that if something happened during the 90-day trial it would be laid at the feet of the Airport Director and staff.

Commissioner Tsougarakis said that the availability of the paramedics is a new factor since this contract was negotiated with the current operator so it was worth a 90-day trial to see what happens.

Commissioner Bernstein said he hoped nothing happened.

10. Award of Airport Contract No. 1438:  
Reconstruction and Overlay of Taxiway 'F'

No. 86-0254

Resolution awarding Contract No. 1438  
to O'Grady Paving, Inc., for  
\$2,751,057.00.

Five bids were received on October 15,  
1986 ranging from \$2,751,057.00 to  
\$3,126,900.00.

Commissioner Goosby asked if any of these contractors applied for



MBE, WBE or LBE preference.

Mr. Dennis Bouey, Deputy Director for Facilities Operations and Maintenance, responded that this contract is subject to an FAA grant and as such the bid preferences are not in play here. He added that there is a 21 percent minority participation on this contract and seven percent WBE.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Items 11 through 16 were unanimously adopted.

11. Approval of Sublease between American Airlines, Inc. and Wings West Airlines

No. 86-0255

Resolution approving the sublease of North Terminal office space from American Airlines, Inc. by Wings West Airlines.

12. Resolution to Consent to Assignment of Agreement from Duty Free Shoppers (LAX, Inc.) to Duty Free Shoppers Limited Partnership

No. 86-0256

Resolution consenting to the assignment of all leases and permits held by Duty Free Shoppers (LAX, Inc.) to Duty Free Shoppers, a Delaware limited partnership.

13. Resolution Modifying United Airlines Lease and Use Agreement No. 82-0126

No. 86-0257

Resolution modifying United Airlines Lease and Use Agreement No. 82-0216 to delete the International Terminal Inter-line ticket counter.

14. Redesign of 'Forget-Me-Not' Shop in the North Terminal

No. 86-0258

Resolution approving the redesign of the 'Forget-Me-Not' Shop in the North Terminal.

15. Resolution to Remodel the Beverage Facility at the South Rotunda of Boarding Area 'B' in the South Terminal

No. 86-0259

Resolution authorizing the renovation of Host beverage facility at the South Rotunda of Boarding Area 'B' and approving the schematic design for said facility.



16. Transfer of Donated Wall Mural to City's General Art Collection

No. 86-0260

Resolution requesting Art Commission to transfer tile wall mural donated by Guillermo Wagner Granzo in 1982 from Airport's art collection to the City's general collection. No appropriate space is available for this large mural at the Airport.

Item No. 17 was unanimously adopted as amended.

17. The Parry Contract

No. 86-0261

Contract for The Parry Company to produce four noise impact area contours to be used on the Quarterly Report and at the Airport Roundtable. The contract also provides for appearances by representatives of The Parry Company to substantiate the noise contours. (\$30,000)

Mr. Turpen said that this fulfills our State obligation to provide noise contours. He explained that The Parry Company takes our noise measurements and converts them into a contour map of the noise impact boundary. He said that during a discussion with Mr. Parry staff was told that it would cost an additional \$30,000 to provide professional liability insurance, bringing the contract amount to \$60,000. He did not feel it was worth doubling the size of the contract just to satisfy an insurance requirement. He recommended approving the contract without the professional liability insurance, as has been done in the past. Mr. Turpen also told the Commission that there is an indemnification provision in the contract.

Commissioner Bernstein asked if there was someone on staff who monitors this process.

Mr. Turpen said that a member of staff collects all the noise data, which is generated 24-hours-a-day, 365-days-a-year, consolidates it and sends it to Mr. Parry and Tracor Labs for development into a noise contour.

Commissioner Bernstein asked why that person couldn't handle this.

Mr. Turpen responded that it was possible to handle this in-house but was concerned about how the community would view the results if the Airport developed and verified the numbers, developed the maps, and then concluded that there was no noise problem. He said that the concern should be for the Airport's credibility not the amount of money. He argued that when data is gathered and sent out for independent analysis and formulation our credibility is above reproach. Handling it all in-house would leave us subject to a lot of questions.

Commissioner Bernstein didn't understand why we couldn't handle this in-house and set an example for the rest of the City.

Mr. Turpen said that if the Commission wanted to handle this in-house he would be happy to take a look at it for the future but he suggested approving this contract so that we can get our new noise contour.



Commissioner Bernstein asked Mr. Turpen why he couldn't take a look at it first.

Mr. Turpen responded that this information is sent to the State and County as part of the official State requirement that we file noise maps with the appropriate agencies.

Commissioner Tsougarakis said that the Airport would be accused of bias if it were handled in-house.

Commissioner Bernstein still insisted on taking a look at it first.

Mr. Turpen said that there is a time problem as there are maps that are due.

Commissioner Bernstein suggested sending the information to him.

Commissioner Tsougarakis agreed that there is a legitimate concern.

Mr. Turpen told Commissioner Bernstein that handling it in-house will still cost us money.

The first vote on this item was 2 to 1 with Commissioner Bernstein casting the dissenting vote.

Mr. Turpen pointed out that we are presently late and failure to approve this contract will cause us to come into conflict with State law.

Commissioner Tsougarakis said that the vote was not valid as the Parry Contract did not have a motion on the floor. The only motion on the floor was on the Consent Calendar.

Mr. Turpen cautioned the Commission, before a separate vote was taken on The Parry Contract, that the Airport did not have the in-house capability to do noise contours and cannot develop the capability by the time the contours are due since they are presently due. We face the spectre of being in violation of the State noise variance by not providing the contours on a timely basis. The contours are provided to 13 communities, the County and the State and are the basis of our entire noise program. He strongly urged the Commission to approve the contract and direct staff to take a look at handling it in-house in the future, as opposed to reactively denying it and causing the Airport \$30,000 worth of staff time to determine what to do to comply with all of the State requirements that we have ignored.

Commissioner Bernstein said that he was simply asking that it be looked at.

Mr. Turpen again said that we must get the contours up and the problem was time. He said that it may be a \$30,000 item but the implication goes far beyond that and should not be treated casually.

Commissioner Goosby suggested that the resolution be amended to add the requirement that the Commission be provided with a breakdown of what it would cost staff to handle this, as well as the implications.

Commissioner Tsougarakis asked when the next report is due.

Mr. George Wong, Acting Airport General Counsel, responded that this agreement covers it through December, 1986 and is due quarterly. The next one is due March, 1987.

Commissioner Tsougarakis suggested that an in-house operation be





looked at for the next quarter.

Commissioner Bernstein asked why a \$30,000 item is among things that are casually passed.

Mr. Turpen responded that the Commission has been approving this item since 1975. He said that although it has traditionally been a routine administrative item the Commission is not precluded from calling it off the Consent Calendar.

Commissioner Tsougarakis added that Mr. Turpen did bring it to the Commission's attention.

The Commission gave its unanimous approval.

Item 18 was unanimously adopted.

18. Professional Services Agreement - \$25,000  
Sequoia Analytical Laboratory  
Waste Water Testing and Analysis

No. 86-0262

Proposed resolution approving the professional services agreement to provide waste water priority pollutants testing and soil's hydrocarbon content.

\* \* \*

H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 10:02 AM to go into closed session.

  
Jean Caramatti  
Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



## **MINUTES**

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**Vice-President**

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

**Director of Airports**

**San Francisco International Airport**

**San Francisco, California 94128**



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Airports Commission  
December 2, 1986

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Minutes  
of the  
Airports Commission Meeting  
December 2, 1986

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

\* \* \*

B. ROLL CALL:

Present:	Morris Bernstein, President
	Edward Fleishell, Vice President
	Z. L. Goosby
	Athena Tsougarakis
	Don Richards Stephens

\* \* \*

C. ADOPTION OF MINUTES:

No. 86-0274	Regular meeting of November 4, 1986;
No. 86-0275	Special meeting of November 12, 1986

\* \* \*

D. DIRECTOR'S REPORTS:

1. Status Report on Carts - Oral Report

Mr. Turpen, Airport Director, told the Commission that he did not anticipate any further impediments on providing free carts in the international arrivals area. The confusion of two weeks ago has been cleared up and it is expected that the Finance Committee will move the Commission's request to approve carts at tomorrow's meeting. He said that a supplemental should clear channels normally.

Ms. Angela Gittens, Deputy Director for Business and Finance, told the Commission that the anticipated start-up date is January 1st.

Mr. Turpen said that if there are no further delays staff will begin processing the supplemental.

Commissioner Tsougarakis asked Mr. Turpen if he expected it to pass.

Mr. Turpen responded that he had no reason to suspect that it would not.



## 2. Status of CalTrans Interchange.

Mr. Turpen told the Commission that there is a new on-ramp leading onto the Airport from northbound Highway 101 as well as a new on-ramp onto southbound Highway 101 from the Airport. Last Wednesday CalTrans opened up the viaduct, connecting the Airport with Highways 380 and 280 without a merge onto Highway 101. This was accomplished approximately six months ahead of schedule as a result of the Airport's priority request. He explained that the Airport had a problem with traffic merging between the Airport Interchange and Highway 380.

Mr. Turpen told the Commission that staff also asked CalTrans to look at the possibility of a fifth lane on Highway 101 between the Airport interchange up to San Bruno and to the 380 interchange. He said that CalTrans has evaluated the request and agreed to provide that fifth lane.

Mr. Turpen said that the highway handles 1200 vehicles per hour per lane during certain times of the day and the additional lane will greatly benefit the Airport. We are pleased and very grateful to CalTrans for expediting the schedule for the Airport.

Commissioner Tsougarakis asked if the fifth lane is in addition to the viaduct.

Mr. Turpen responded that there is a total of five lanes on the highway and two on the viaduct for a total of seven lanes in that stretch, where previously there were four.

Commissioner Goosby asked how much more work CalTrans will do before they start cutting through the West of Bayshore property. He knew that a study on the snakes must first be completed and asked if that is the only thing holding them up and how much longer before they can begin.

Mr. Turpen responded that CalTrans will not start until the Airport files an environmentally approved Master Plan.

Mr. Turpen said that CalTrans originally envisioned that the West of Bayshore property would be connected with the main Airport property by a road from the Airport to the West of Bayshore, behind the Airport Hilton. That would have required getting off at Millbrae Avenue, coming down the Frontage Road, taking the overpass to access the West of Bayshore property, coming back across, circling around the Airport roadway system and around the gas station in order to get back on northbound Highway 101. He said that would have been very inefficient and would compromise the attractiveness of the development of the West of Bayshore. During negotiations CalTrans agreed to drop that overpass and give us credit for it. What the Commission is now seeing is a proposed West of Bayshore access plan where there would be an overpass coming onto the West of Bayshore, northbound.

Mr. Turpen explained that there will be some incremental money involved from the Airport's perspective because we will only receive credit for that portion of the original plan which involved that single overpass from the Hilton. In effect, the Commission will be buying a second overpass.

Commissioner Goosby asked if we will have to pay additional money.

Mr. Turpen said that was his understanding.



Commissioner Fleishell asked how we could pay in view of the fact that the Lease and Use Agreement states that the Airport cannot spend money on the West of Bayshore.

Mr. Turpen responded that any development of the West of Bayshore requires a modification of the Lease and Use Agreement. He said that he has talked to the airlines and they have indicated that as long as the revenue for West of Bayshore goes through the Airport groundside cost center they would not object to modifying the agreement.

Mr. Turpen said that due to the premium on land on the Peninsula many of the long-term parking lots could close. If the Airport can capture that long term parking and consolidate it on a part of the West of Bayshore property there will be a significant increase in revenue to the Airport. He said that the airlines see it as an attractive way of starting to defray the cost.

Commissioner Fleishell said that the Airport negotiated this agreement with the airlines and the whole idea of separating that piece of land and giving it to the City as distinct from the Airport was to give that revenue to the City's General Fund. He said that he hoped someone will let the Mayor know what the Airport proposes to do. If the revenue is sent back to the Airport there is no point in transferring the land.

Mr. Turpen said that Dean Macris of City Planning did a study in which the Airport participated, after which a recommendation was made to the Mayor indicating that the most logical course was to have the Airport develop the property. He said that the revenue flow from that property was anticipated at 15% of concession revenues as opposed to a direct revenue flow to the City.

Commissioner Goosby asked if the Garter Snake study was in its last year.

Mr. Turpen responded that that study has been completed. He added then when a plan is developed mitigation alternatives will have to be addressed.

Commissioner Goosby asked if recommendations have been made.

Mr. Sheldon Fein, Landside Operation, responded that they have completed their study but not their final report. Staff is expecting to receive it within the next 30 to 60 days.

Commissioner Goosby said that the development of the West of Bayshore is one of the Mayor's priority items and since she is entering her last year in office we should at least be at the point of an initial recommendation.

Commissioner Stephens asked who the Airport was working with on the land use.

Mr. Yuen responded that it was Daniel, Mann, Johnson, and Mendenhall. He said that they have done about 25 airport master plans.

Commissioner Stephens asked if they were familiar with commercial development. He said there is a northbound access from the Airport to 380 without going onto 101, and asked if there would be a separate roadway coming from 380 to the Airport.

Mr. Turpen responded that there will be a direct access onto the Airport that will tie into the existing ramp. One lane will come



from 101 and one lane will come from 380 onto the Airport ramp. The 380 lane will also split off to serve the West of Bayshore and there will be some interface there for Highway 101.

Commissioner Stephens concluded that it will then be separate from 101 where as now they are all merging together.

Mr. Turpen added that the 380 connection with Highway 101 is currently past the Airport which adds to the congestion. That traffic will remain on this spur past the main interchange of the Airport and will then merge onto Highway 101 beyond the interchange.

Commissioner Bernstein asked if there were still 94 acres.

Mr. Turpen responded that there are 190 acres of which about 90 are prime and usable; the remainder is usable in a restricted sense. He said that North of the interchange is a large triangular area which contains about 90 usable acres; South of the interchange, toward Millbrae, is an irregular parcel punctuated by utility easements and fuel lines.

### 3. Airline Mergers/Impact on Facilities - Oral Report

Mr. Turpen said that there have been mergers between Northwest and Republic Airlines, Delta and Western, and now AirCal and American. He said that originally Northwest Airlines was to move to the new Boarding Area 'C', along with Delta and AirCal. Northwest has since indicated that they want to remain on Boarding Area 'C', however, they are currently operating in two locations, a domestic operation from Boarding Area 'A', Republic's space, and, they are operating their international operations from the International Terminal, as is the Commission's policy. Delta was scheduled to move from its current location with American Airlines to Boarding Area 'C', when it opens. Delta has now indicated that they are looking at either consolidating with Western Airlines on Boarding Area 'E' or taking Western with them to Boarding Area 'C'. Lastly, AirCal was scheduled to move to Boarding Area 'C' but they have indicated they may want to remain in their current location, adjacent to American Airlines, because of American's recent purchase of AirCal.

Mr. Turpen said that what this all means is that after these discussions take place and the facilities issue settles down the Airport should be able to recapture gate facilities, probably in the South Terminal. Those facilities will then be made available to current airlines who presently do not have any facilities in other than a sublease situation.

Mr. Turpen called the Commission's attention to Continental's activity with People's Express and Eastern Airlines. He said they petitioned us for some type of consolidation and they would be a likely candidate for any space that might open up. He felt it important that the Commission recognize that at the end of all these moves our facilities will be fully utilized and he did not think that any of these consolidations would result in any surplus of terminal facilities at the Airport.

\* \* \*





E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

The following item was put over.

4. Authorizing Agreement for Parking/Transportation Management Program

Mr. Turpen said that the Commission has a November 4 letter signed by Mr. Bouey. He said that Mr. Fein is present to respond to any additional questions the Commission might have.

Commissioner Goosby asked if this was the proposed employee carpool operation.

Mr. Fein responded that it is. He explained that the Airport was trying to reduce the traffic and parking demand at the Airport.

Mr. Turpen mentioned that Commissioner Bernstein had asked earlier how this fit in with what staff is doing on the Master Plan. Mr. Turpen responded that the Master Plan is addressing the problem of parking on a long term basis, but recognizing the Airport won't have an approved EIR for another 14 months, this is an interim program until such time as the appropriate facilities can be developed.

Commissioner Tougarakis assumed that the Master Plan would incorporate the notion of carpooling.

Mr. Turpen responded that if this program goes forward and is successful it will be factored into the calculations. If the program doesn't go forward that too would be factored into any facilities we anticipate building.

Commissioner Fleishell said that carpools have been around for years and was surprised that the Airport has done nothing about it. He suggested offering economic incentives such as if there are four people in a car, they park for free; three people in a car, a dollar. He asked Mr. Turpen why nothing like that has been done and why we need an expert to tell us what we already ought to know.

Mr. Fein responded that we only control a small amount of the parking space on the Airport; the tenants control a much larger amount. He said that part of this program would include working with all of the tenants. The rates can be raised for the people who park within our own facilities and were, in fact, raised to \$42.00 per quarter. He said that this is a big increase over what they were paying before but it is still less than a dollar a day.

Commissioner Fleishell said that he was not talking about raising the rates but rather lowering the rates for people who share in a carpool.

Mr. Turpen reminded the Commission that the Airport controls very few of the total spaces.

Commissioner Stephens asked what was meant by "controlling" spaces.

Mr. Turpen responded that the Airport has an employee parking lot which many people utilize. The airlines, especially the larger



airlines, each have their own parking area and those collectively make up a much greater portion of parking at the Airport than that portion which the Airport controls.

Commissioner Stephens said that the numbers we are then talking about include all the combined employee parking...ours, United's, TWA's, etc.

Mr. Turpen said that was correct.

Commissioner Stephens asked if all the airlines charged the same fee.

Mr. Turpen responded that he did not believe the airlines charged their employees for parking.

Mr. Fein added that several airlines have union agreements which include provisions for free employee parking; some airlines may have a minimum fee.

Commissioner Stephens concluded that discussions on rate increases refer only to parking lots controlled by the Airport.

Mr. Fein responded yes. He said that those people being effected would be Airport Commission employees and those employees working for the small operators in the terminal complex, such as the shoeshine operations, barber shop, the flower stand and others unable to provide their own parking facilities on the Airport.

Commissioner Stephens asked why we don't follow Commissioner Fleishell's suggestion of offering economic incentives to employees who park in the lots we control.

Commissioner Goosby asked what techniques, other than carpooling, this management group will employ.

Mr. Fein responded that RIDES has done individual studies for United, Delta and Pan Am and has worked with those carriers to try and minimize their parking impact. This plan would put together vanpooling and rides programs from information merged from the airlines and tenants throughout the Airport.

Commissioner Tsougarakis asked what incentive there would be for an employee to opt for a ride sharing program if the employer charged a nominal fee or did not charge a fee at all.

Commissioner Stephens agreed with Commissioner Tsougarakis. He said that if United Airlines has to give their employees free parking there is no point in having the number of people they park in the database. He said that since we don't have any effect on them why pay someone to put all this information together; it's not going to tell us anything we don't know now when it's all done.

Mr. Fein added that RIDES will not only put the information together but they will group those employees interested in the program into vans and carpools.

Commissioner Tsougarakis said that if her employer was willing to let her have a free parking space, why should she subject herself to riding in a carpool and being constricted on time.

Mr. Turpen said that the problem is that there is an assumption that space available.

Mr. Fein said he has been receiving calls from airlines indicating



they do not have enough parking and asking if their employees could park in our lots.

Commissioner Tsougarakis asked if the airlines have told their employees they are going to have to give up their space, or, that they will have to start paying.

Mr. Turpen felt that since the Commission obviously was not interested in this matter it should be withdrawn but he felt it important for the Commission to understand that the parking lots are controlled by the major carriers as well as the Airport. He said that many of the carriers with a surplus capacity make subtenant parking arrangements with other carriers and charge perhaps \$20.00 a month per employee. As the Airport grows the employee volume grows; and, as gas prices go down and employees decide to drive their own cars the need for parking spaces increases dramatically. In addition, because of the closure of off-Airport parking lots, the demand for long-term economy parking is increased. He explained that the long-term economy parking lot is adjacent to the employee parking lot and any savings would allow us to relieve capacity in that lot. The large airlines, needing space, have put their subtenant users out and recommended they talk to the Airport but the Airport does not have sufficient parking capacity for everyone wanting a parking space.

Commissioner Tsougarakis said she felt the RIDES system was a good one and had no objection to it but felt that until those employees using their automobiles feel pushed they will not opt for ride sharing. She felt that they will only feel pushed when the airlines start telling their employees that parking is not available and they will either have to start paying or find an alternative.

Mr. Turpen said that the other alternative is to continue to allow the demand to build up to a point where the situation is so uncomfortable that they elect to do something else.

Commissioner Tsougarakis felt that the situation can be forced rather than waiting for it to happen.

Mr. Turpen felt that it can only be forced to a degree because the Airport does not control all the parking spaces. He said that the Airport is trying to act in the roll of expeditor and bring all the parties together. He felt that experience indicates the program does work.

Commissioner Tsougarakis asked if staff has talked to the airlines.

Mr. Fein responded that the airlines have not been approached on this particular program.

Commissioner Tsougarakis felt that the airlines should be approached before the Commission takes a vote.

Mr. Fein said that three of the airlines have used RIDES and have gotten their employees to join either the carpooling or the computer-based program.

Commissioner Stephens said that if the airlines control parking and that parking is subject to their collective bargaining agreements, what does the airline charge for that portion that is not covered.

Mr. Turpen responded that the airlines essentially will provide parking free of charge and if there is some kind of fee he is not aware of it. In many cases if employees of tenants use an Airport lot the tenant will pay the parking fee to the Airport.



Mr. Turpen said that the problem is that we are talking about 25,000 to 30,000 employees at the Airport and about 2200 acres.

Mr. Fein added that there are currently about 13,000 parking spaces.

Mr. Turpen again told the Commission that the Airport is trying to act as the focal point in putting together a carpool program which will encompass all employees at the Airport.

Commissioner Stephens asked if the airlines will start charging their employees.

Mr. Fein responded that since the airlines have run out of space they began renting space in the off-airport parking lots and that impacts the amount of space available for passengers using the Airport.

Mr. Turpen said that staff can discuss this with the airlines at the budget review meeting next week.

Commissioner Bernstein felt that this should be taken off the calendar.

Mr. Turpen said that if the airlines don't support the concept it could always be thrown out.

Mr. Bernstein said he did not understand the crunch.

Mr. Turpen said that there is no question about the fact that we have a parking problem. He said that it is obvious that the Commission is reluctant to move ahead with this matter and he suggested that staff check with the airlines since they will be footing the bill. If the airlines feel this is a good idea then he felt it should be pursued. If the airlines don't think it is a good idea then it can be withdrawn. If the Commission does not agree with his suggestion they can vote this item down and it will be a dead issue.

Commissioner Fleishell said that the Commission runs the Airport, not the airlines, and there are many things the airlines support that the Commission does not. He felt that if the Airport just wants to be the focal point this should be discussed with the people upon whom we wish to focus. He suggested that the Airport should set the example and start a carpool operation by using economic incentives. He said there is nothing complex about the proposed program and we should not have to hire anyone to handle it for us.

Commissioner Tsougarakis said she would agree with Commissioner Fleishell if there were an economic example to set but the airlines are already giving their employees free parking.

Mr. Turpen felt that it is obvious the Commission is not for it so they should just vote the matter down and that would end it.

Commissioner Stephens said he would like staff to return at the next meeting with a program that would offer incentives to employees utilizing the parking lots that the Airport controls.

Mr. Turpen said that the Airport controls 1,200 spaces out of 13,000. He said that Commissioner Fleishell's suggestion was fine for the Golden Gate Bridge but on a management basis he had a problem with offering an incentive when payment is made on a four-week basis. He said you would have to take fees from employees on a daily basis.

He said he did not know how much more incentive the Airport could offer other than the current \$42.00-a-quarter fee.





Commissioner Tsougarakis said the airlines will become a part of the problem when they are restricted to using their spaces.

Commissioner Goosby said he was not in favor of killing this issue and wanted further discussion on it. He said that the questions raised by the Commission should be addressed, such as what alternatives, other than carpooling, are offered by this company. He also felt that the cost should be added to the resolution. He asked if staff had the expertise to handle some or all of it in-house and if it would be cheaper on that basis or if it would make sense, politically and economically, to have an outside operator working with these different entities.

Commissioner Tsougarakis understood that RIDES representatives were present and asked how many employees have gone to carpooling for the three airlines they are working with, and, what has been the incentive.

Ms. Eunice Valentine of RIDES responded that she did not have a number broken down for the three airlines. She said that RIDES currently serves about 10,000 customers in their customer data base from around the Bay Area. They match people up with their origin and destination as close as they can. She said that in a situation like the Airport they would work with all of the 70 companies represented and put together a program and an on-site service delivery that would include selling transit passes to the airlines, and forming carpools and van pools that would include employees from other companies. She said that they also work out incentives in terms of advising on the parking situation for employees. She said that they were currently doing this in the Civic Center area of San Jose but that it was a slightly different situation than the Airport's because their employees are more concentrated than the Airport's. She said they would be working on a total transportation plan to provide on-site services.

Commissioner Tsougarakis asked Ms. Valentine if they were doing anything with the airlines.

Ms. Valentine responded that they are. She said that twice a year RIDES returns to the company and provides their typical free service, which includes a promotional campaign.

Commissioner Tsougarakis asked if anyone has signed up.

Ms. Valentine responded that several hundred people at the Airport have signed up.

Commissioner Tsougarakis asked if incentives would be offered.

Ms. Valentine responded that incentives are being offered more and more on a stress-reduction basis. She said that for the 4th year in a row the California poll indicates that Bay Area residents feel transportation is the No. 1 problem. She said that many people calling RIDES are motivated more and more by stress and the traffic problem as well as the parking problem. She said that there is no question that the motivation is economic but lifestyle factors are coming into play more and more. She said that the motivation used to relate to gas prices.

Ms. Valentine said that when her company provides consistent on-site service delivery the response and the results skyrocket. She said that is what they are experiencing at the San Jose Civic Center.



Commissioner Tsougarakis said that although she felt it was a good idea she wanted to hear from the airlines before a decision is made.

Commissioner Goosby said this could be tabled until the Commission's concerns have been addressed.

Commissioner Tsougarakis felt that the Commission would be ignoring a serious problem if they voted it down.

Commissioner Goosby agreed and said he did not see a need to vote it down. He made a motion to table the issue.

The Commission agreed to take the item off calendar.

\* \* \*

The following items were unanimously adopted.

5. Month-to-Month Holdover of the Leases of Mobile Catering in the Taxi Staging Area of the Garage

No. 86-0263                      Resolution approving month-to-month holdover tenancies of the leases of the Mobile Catering in the Taxi Staging Area of the Garage.

6. Award of Airport Contract No. 1753:  
Underground Storage Tanks - Removal & Related Work - \$249,570.00

No. 86-0264

7. Bid Call - Airport Contract No. 1656:  
Replacement of Pumps at Industrial Waste Pump Station 'C' and 'A'

No. 86-0265                      Resolution approving the scope, budget and schedule for Airport Contract No. 1656 and authorizing the Director of Airports to call for bids when ready. The purpose of the contract is to replace deteriorating pumps at Industrial Waste Pump Station 'C' and 'A'.

Contract time is 120 days.

Commissioner Bernstein noticed that there was only one bid.

Mr. Dennis Bouey, Deputy Director of Facilities Operations and Maintenance, responded that this was just a bid call. He said that these items are usually placed on the Consent Calendar but because the Commission complained that they were seeing them for the first time they have been moved to AOM.

Commissioner Fleishell asked if in situations like this where the pump is being replaced, are reconditioned pumps, costing half the price, are ever purchased.



Mr. Bouey responded that staff has looked at that, however, in this instance the answer is no. He explained that these particular pumps take a severe beating because of the nature of the effluent going through them. He said that of these two pumps, one is to be located near TWA and the other near United.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

8. Retirement Resolution for Oscar Nurse

No. 86-0266

9. Retirement Resolution for Virgil Woods

No. 86-0267

10. Amendment No. 2 to Professional Services Agreement  
Esherick, Homsey, Dodge and Davis/Robert B. Wong  
Extension of Time at No Additional Cost

No. 86-0268

11. Request for Approval of Travel/Training for Airports Commission  
Representatives

No. 86-0269

\* \* \*

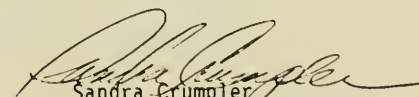
H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

I. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:45 AM to go into closed session.

  
Sandra Crumpler  
Acting Commission Secretary



# **SAN FRANCISCO AIRPORTS COMMISSION**



## **MINUTES**

DECEMBER 16, 1986

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President

**J. EDWARD FLEISHELL**

Vice-President

**DR. Z.L. GOOSBY**

**ATHENA TSOUGARAKIS**

**DON RICHARDS STEPHENS**

**LOUIS A. TURPEN**

Director of Airports

**San Francisco International Airport**

**San Francisco, California 94128**





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of the Minutes  
Airports Commission

December 16, 1986

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Minutes  
of the  
Airports Commission Meeting

December 16, 1966

A. CALL TO ORDER:

The regular meeting of the Airports Commission was called to order at 9:00 A.M. in Room 282, City Hall, San Francisco, Ca.

\* \* \*

B. ROLL CALL:

Present:

J. Edward Fleishell, Vice President  
Z.L. Goosby  
Athena Tsougarakis  
Don Richards Stephens

Morris Bernstein, President, arrived  
at 9:15 AM.

\* \* \*

C. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

D. ITEMS RELATING TO ADMINISTRATION, OPERATIONS AND MAINTENANCE:

Item No. 1 was unanimously adopted.

1. Authorization to Receive Bids for International Terminal and South Terminal Shoeshine Leases

No. 86-0276

Resolution approving leasehold  
specifications and authorizing  
Director to receive bids for:

International Terminal Shoeshine  
Lease;  
South Terminal Shoeshine Lease

Mr. Lou Turpen, Airport Director, told the Commission that an evaluation of the liability coverage of independent contractors was made and included in the report.



Item No. 2 was put over.

2. Award of Contract No. 1752:  
Maintenance Building Roofing - Republic Airlines Hangar

Resolution awarding Contract No. 1752 to Royal Roofing Co., Inc. in the amount of \$89,980.00 to \$149,000.00.

Eight bids were received on November 26, 1986 with amount ranging from \$89,980.00 to \$149,000.00.

\* \* \*

E. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The following items were unanimously adopted.

3. Settlement of Unlitigated Claim of City and County of San Francisco Against Paul Stange in the Amount of \$9,997.38

No. 86-0277

Resolution approving settlement of unlitigated claim of City and County of San Francisco against Paul Stange whereby Paul Stange has repaired the North Terminal to the satisfaction of Airport Commission at a cost of \$9,997.38.

4. Transfer Miscellaneous Electrical Work from Contract 1416AB-R (Boarding Area 'C') to Contract 1410EF (South Terminal Renovation Phase II) - No Change in Total Cost of Contracts

No. 86-0278

Contract 1416AB-R will be debited \$50,000 and Contract 1410EF will be credited the same amount. The transfer is necessary for better coordination of the trades.

5. Retirement Resolution for Sam Parker

No. 86-0279

6. Retirement Resolution for Paula Thomas

No. 86-0280

\* \* \*

F. CORRESPONDENCE:

Mr. Turpen said that he has received a letter from Smarte Carte regarding the new model 1035 cart which is an L-shaped design.



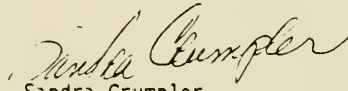
Commissioner Fleishell commented that the Commission has explained the design it wants to Smarte Carte. He asked Mr. Turpen to talk to Mr. Pastian and tell him that this design is not acceptable to the Commission and staff is not to waste time on it.

Commissioner Goosby expressed an interest in members of the Commission attending national conferences. He asked if the Mayor still had a policy that Commission members not attend conferences on City business. If this was the case he thought it was an unfortunate policy as he felt it important that Commissioners be current with issues in the industry.

\* \* \*

H. ADJOURNMENT TO GO INTO CLOSED SESSION:

There being no further calendared business before the Commission the meeting adjourned at 9:20 AM to go into closed session.

  
Sandra Crumpler  
Acting Commission Secretary











